IN SENATE OF THE UNITED STATES.

December 18, 1834.

Read, and ordered to be printed.

Mr. Tyler, from the Committee on Finance, who were instructed by resolutions of the Senate of the 4th of February, 5th of May, and 30th of June last, to investigate the affairs and conduct of the Bank of the United States, made the following

REPORT:

The Committee on Finance, acting under the instructions contained in the resolution of the Senate of the 30th June last, beg leave, so far as the said resolution relates to the Bank of the United States, to submit the following report:

Immediately after the adjournment of Congress, the committee repaired to Philadelphia, with a view of ascertaining, as preliminary to their subsequent proceedings, the readiness on the part of the directors to submit the books and papers of the bank to the free and unreserved inspection and examination of the committee. The letter marked A, addressed by the committee, through its chairman, and the reply of the president of the bank, marked B, are hereto appended; together with a resolution of the board, appointing a committee to receive the committee of the Senate, adopted at a subsequent day, viz., the 16th September. The committee thereupon, as the readiest, if not the only mode of acquitting themselves of the several duties required of them, devolved upon each of its members, separately, the task of obtaining such information as their respective States, and those most contiguous to them, would afford, relating to the several heads of inquiry embraced by the resolution under which they acted; and that a majority of the committee, or some of its members, should also assemble at some principal points. So far as the investigation into the affairs of the bank is concerned, the examination of each and every branch, separately, might have been desirable; but this was rendered impossible, not only by the limited period assigned for their labors, and the remoteness of the offices from each other, but because of the highly interesting character of other duties which the committee had to discharge, and which the interests of the country seemed to require should not be overlooked. After having visited such offices as could be most conveniently visited, a majority of the committee repaired to Philadelphia, on the 13th of September, and unremittingly prosecuted their investigation into the affairs of the bank to its final completion. They deem it proper to say, that, in the examination which they have made, every facility was afforded by the officers of the institution

which the committee could have desired. No hesitation or reluctance was manifested in furnishing any book or paper which was required, and every avenue to a full and free investigation, not only at the bank, but at the several branches visited by the committee, or any member of it, was promptly laid open. If, therefore, the committee has failed to acquit itself of its duty in the fullest manner, the fault is its own; and the only apology it would have to urge in its behalf would be, that, for the full examination into every operation of an institution so extensive in its dealings, and conducting operations so diversified and numerous, and at the same time so intimately blended with every interest of society, a few months may be considered as altogether too limited a period for the consummation of the task. The committee have, however, sought to make their examination full and complete upon the several subjects specified in the resolution under which they acted, and taking them up in the order in which they are placed in the resolution, they now proceed to report upon them separately and severally.

Has the Bank violated its charter?

The first inquiry into which they entered, was that which, standing first in the resolution of the Senate, may be regarded as of leading importance, viz.: whether the Bank had, during the period of its existence, so violated its charter as to expose it, not only to the hazard of a forfeiture, if the question should be raised in the courts, but to an actual forfeiture of public confidence. The committee did not deem it necessary to extend their inquiries to a period further back than the year 1820. An elaborate report was made in that year, by a committee appointed by the House of Representatives, embracing all the antecedent period. That report was acted on, at the time, by the House of Representatives, and the bank was fully acquitted of all liability, for supposed infractions of its charter, up to that time. The disclosures then made produced a change of directors, and a subsequent change of policy; and it is to subsequent allegations against the bank that the committee have directed their inquiries.

The Exchange Committee.

The first charge into which the committee examined, because of its being the most gravely urged, is, that the bank violated its charter in having created a committee called the "Committee of Exchange," thereby devolving duties, which it is said the charter entrusted to the board of directors, on a small number. This charge comes with the greater force in consequence of its having been publicly made by a gentleman lately at the head of the Treasury Department. Mr. Taney, in his report made to Congress on the 4th December, 1833, containing his reasons for removing the deposites of the public moneys from the Bank of the United States, uses the following language:—"Instead of a board constituted of at least seven directors, according to its charter, at which those of the United States have a right to be present, many of the most important money transactions of the bank have been, and still are, placed under the control of a committee denominated the Exchange Committee, of which no one of the public directors has been allowed to be a member since the commencement of the present year. This committee is not even elected by the board, and the public directors have no choice in their appointment. They are chosen by the president of the bank, and the business of the institution, which ought to be decided only by a board

of directors, is, in many cases, transacted by this committee; and no one has a right to be present at their proceedings but the president, and those he shall please to name as members of this committee. Thus loans are made, unknown at the time to a majority of the board, and which might probably be rejected at a regular meeting of the directors. The most important operations of the bank are sometimes resolved on and executed by this committee, and its measures are, it appears, *designedly and by regular system*, so arranged as to conceal from the officers of the Government transactions in which the public interest are deeply involved." The charge, thus made, not only involves a violation of charter, but a violation with a purpose highly fraudulent and criminal. Proceeding from a high officer of the Government, it claimed at the hands of the commttee a full investigation, and they now submit to the Senate the result of their inquiries. As early as July 18th, 1817, being a few months more than a year from the time that the bill establishing the bank became a law, and within a few months of its actual organization, the board of directors established a department which was called "The Exchange Department," under the direction and management of the president, cashier, and three directors, to be appointed monthly, in rotation, three to constitute a board. At the same time the board adopted certain rules and regulations for the government of the committee, which are hereto appended (marked C). To this committee was intrusted all the exchange business of the bank and its offices; and, on the 15th of August, of the same year, the exchange department was intrusted with all the business of foreign exchanges. In the adoption of these proceedings, there appears to have been a unanimity of sentiment, the Government directors, and all others, voting for their adoption. The committee was directed, as is before stated, to be appointed monthly, in rotation; but this part of the rule seems, from a careful examination of the books, to have fallen very early into disuse. For several years after the adoption of the rule no regularity was observed in the appointment of the committee, intervals elapsing of three and six months, and once, at least, of an entire year, without the appointment of new members. This, doubtless, arose from the circumstance that the business of the bank in exchanges, both foreign and domestic, was very limited for many years after it went into operation. The rule of 1817 was, nevertheless, permitted to remain undisturbed, until the 13th of February, 1821, when Mr. Lloyd reported certain regulations for the purchase of exchange, by which it was provided "that, in the absence of the Exchange Committee, the president and cashier shall be authorized to purchase exchange which may be offered for sale, if an immediate answer be desired, and report such purchases to the Exchange Committee at its next meeting thereafter." (See the report and resolutions appended, marked D.) The committee sought, by a minute examination, to ascertain when the rule requiring the appointment of the committee monthly, in rotation, was rescinded; but this search was fruitless. If rescinded by resolution, them inutes of the board contain no evidence of the fact. It seems by usage and general acquiescence to have grown into a quarterly committee; and, from the 3d day of July, 1827, it has been regularly appointed quarterly. The president of the bank has uniformly named the individuals who should compose the committee. This he did upon the appointment of the first Committee of Exchange, and this he does to this day. His presence at the sittings of the committee arises from the fact that he was, by the board of directors, appointed a member along with the cashier: nor is there any thing which does not equally appertain to every other com-

mittee of the bank, in the fact that the members composing the committee alone attend its sittings.

By one of the rules under which the committee acts, it is directed, "once a week, at least," to lay its proceedings before the board of directors, and your committee, for the purpose of ascertaining whether this rule was strictly observed, called before them the two Government directors, Mr. Macalaster and Mr. Ingraham, whose statement, after being reduced to writing, was submitted to their perusal, and recognized by them as correct. That statement is hereto appended (marked E,) and embraces also the statement of Mr. Lewis, one of the Exchange Committee, and of the first and second assistant cashiers, Mr. Andrews and Mr. Copperthwait. An extract is also appended from the deposition of Mr. Bevan, taken before a committee of the House of Representatives, on the 12th of February, 1832. From these several statements it will appear, that the book containing the proceedings on domestic exchange is regularly laid before the board every discount day, open to the inspection of every director, and exposed to his most thorough examination; and that the book containing the business on foreign exchange is in the custody of the second assistant cashier, and is equally open to the inspection of any one or all of the directors. From Mr. Lewis's statement, it also appears that the committee on exchange occasionally, and when the board is not in session, grants ordinary discounts, but the transaction is immediately entered on the discount book, which, to use his language, is emphatically "the book of the directors." The whole transaction thereby comes to the knowledge of every director, and the board has it in its power, at all times, to require additional security or the payment of the note at maturity. Mr. Lewis states further, that notes are but seldom discounted by the Exchange Committee, and, for the most part, in cases where the delay in granting them would prove injurious to the applicants, or where the renewal of the note is asked for, which was not asked of the board because of some impediment in the way of the discounter which he could not overcome. This practice has grown up under the eyes of the board, and with its full knowledge; and received its approbation, no doubt, from the necessity which gave rise to it. The losses to the bank, through the operations of the Exchange Committee, have been remarkably small, and would seem strongly, if not conclusively, to imply, that the appointments made by the president of the bank, of members for that committee, deserved any thing rather than censure. The committee have perceived no concealment, with or without fraudulent intent. The proceedings of the Exchange Committee are submitted to the board of directors, by virtue of whose resolution the committee are authorized to act: and as it has been spoken into existence by the fiat of the board, so, whenever it shall be found to exceed the bounds of a just authority, it may be restrained; and if found to be useless or pernicious, the committee itself may be abrogated. Much inconvenience would arise if one having a bill of exchange, either domestic or foreign, was compelled to wait for the regular discount days before he could dispose of it. Other dealers in exchange would most probably engross at a higher premium the advantages which the bank has enjoyed through the agency of the Exchange Committee. Mr. Macalaster, one of the Government directors, thinks that the Committee of Exchange is convenient and useful, but not *indispensably necessary;* and Mr. Ingraham does not consider it *indispensably necessary.* The first would have it a monthly committee, on which all the members should serve in rotation, in place of

a tri-monthly, taking care to preserve one of the old members always upon it. The committee do not feel themselves authorized to go into the consideration whether it would be better to have the members well trained in the knowledge of commercial exchanges, which is ensured by a somewhat lengthened service on the committee, or whether it would be better for the board to adopt Mr. Macalaster's suggestion, of changing two of the members every month. Mr. Macalaster had too much sagacity not to recognise the necessity of continuing one of the members, with the view that the new members might avail themselves of his practical knowledge and experience, and therefore his reservation upon that point. Nor does it belong to the committee to measure the exact degree of necessity which calls for the establishment of a department on exchange. These are questions more properly for the decision of the board of directors, to whom, by law, has been entrusted the government of the institution. They must take care to avoid on their own part a violation of the charter; and the committee having presented to the Senate the history of the exchange committee, as far as they were able to procure it, together with its general course of proceedings, come now to inquire whether, in the creation of that committee, the directors have in fact exceeded their authority, and violated the charter of the bank.

It is already seen, that if it be violatory of the charter to have created the exchange department of the bank, that it is a violation almost coeval with the bank itself; and one, too, which, it is proper to add, wholly escaped the vigilance of the committee of the House of Representatives in the year 1819. The charter requires that "not less than seven directors shall constitute a board for the transaction of business;" and all would concede, that if less than seven should undertake to adopt and prescribe rules and regulations for the government of the bank, or assume the task of creating committees, their proceedings would be void, *ab initio*, because plainly and directly in opposition to the language of the charter, which provides, in the 7th section, that the president, directors, and company shall have power "to ordain, establish, and put in execution such by-laws and ordinances, and regulations, as they shall deem necessary and convenient for the government of the said corporation, not being contrary to the constitution thereof, or the laws of the United States;" and by the 8th section, commits "the management of the affairs of said corporation to twenty-five directors, not less than seven of whom, it is declared by the fourth fundamental article, shall constitute a board for the transaction of business. But if seven directors shall have met—prescribed rules for the government of the institution—appointed officers—created committees for the "convenient government" of the bank—in other words, adopted the necessary measures to put the bank successfully into operation, it would seem, to an impartial inquirer after truth, that the rules thus made—the officers thus appointed—and the committees thus created, would be entirely free from cavil or objection. The directors of a corporation, acting within the limits of their charter, are the legislators of the corporation; and their power to appoint agents, whether of their own body or others, to carry their laws or rules into effect, would seem to be as perfect as any function which they have to discharge.

The language of the bank charter is almost in substance the language employed in the constitution of the United States in reference to the two Houses of Congress, which declares that "a majority (of each house) shall be necessary to constitute a quorum to do business. With as much propriety

might it be urged that the Senate or House of Representatives had violated the constitution by creating committees, or appointing agents to execute the laws, as that the directors, "seven of whom are necessary for the transaction of business," had violated their charter by the exercise of a similar power. The Committee on Exchange was created at the same time with the committee on the offices and other committees, has continued ever since, and exists, as your committee believes, not only in strict conformity with the charter, but with advantage to the bank, and convenience to the public.

Branch Drafts.

The next alleged violation of the charter is in the substitution of branch drafts in place of the regular notes of the bank. The responsibility of the bank, for the redemption of its paper, is prescribed in the following words, by the 12th fundamental article: "The bills or notes which may be issued by said corporation, *signed by the president, and countersigned by the principal cashier* or treasurer thereof, promising the payment of money to any person or persons, his, her or their order, or to bearer, although not under the seal of the corporation, shall be binding and obligatory upon the same, in like manner and with like force and effect as upon any private person or persons, if issued by him, her or them, in his, her or their private or natural capacity or capacities, and shall be assignable or negotiable in like manner as if they were so issued by such private person or persons: that is to say, those which shall be payable to any person or persons, his, her or their order, shall be assignable, by indorsement, in like manner and with like effect as foreign bills of exchange now are; and those which are payable to bearer shall be assignable and negotiable by delivery only—provided that all bills or notes so to be issued by said corporation shall be made payable on demand, other than bills or notes for the payment of a sum not less than one hundred dollars each, and payable to the order of some person or persons, which bills or notes it shall be lawful for said corporation to make payable at any time not exceeding sixty days from the date thereof." By the 17th article it is prohibited from issuing any note of less amount than five dollars, and by the 14th section it is enacted "That the bills or notes of said corporation, originally made payable, or which shall have become payable on demand, shall be received in all payments to the United States, unless otherwise directed by act of Congress." A review of these several provisions is necessary in order to arrive at correct conclusions on this subject. It was at an early day considered by the bank to be of much importance that some other persons than the president and cashier should be authorized to sign notes intended for circulation. It was, however, then believed that such authority could only be imparted through an amendment of the charter by act of Congress. Accordingly, in the year 1818, an application was formally made to Congress for an alteration of the charter in this particular, which application was subsequently repeated in 1820, 1823, and again in 1827, through the agency of the president of the bank. Congress did not act definitively on the subject. It came then to be suggested that the same purpose might be answered in another mode, through the instrumentality of drafts drawn by the branches on the parent bank. (See appendix.) The subject was submitted to three counsel, learned in the law, one of whom was at the time Attorney General of the United States, who concurred in the opinion that the bank would not be

guilty of a violation of its charter, should it adopt the contemplated measure. The bank accordingly issued instructions on the 21st day of April, in the year 1827, to the several branches, directing the emission of drafts of the several denominations of five, ten, and by order of the 7th January, 1831, of twenty dollar bills. The amount of these drafts actually in circulation on the last of September of the present year, amounted to the sum of $5,164,037; and have been and still are as currently received in the daily transactions of the country, as the ordinary notes issued from the bank. They came also to be a subject of correspondence (see appendix) between the Secretary of the Treasury, Mr. Rush, and the president of the bank, which ultimated in their being received as freely in payment of the revenue as any other notes of the bank.

It is proper to state, that a difference of opinion prevails amongst the members of the committee, relative to the legality of these issues for the avowed purposes of currency. While they concur in the right of the bank to issue a draft or drafts for any amount payable to order, or of a branch to do so, where such draft or drafts is issued in the ordinary course of commerce, and rests on a fair business basis; it is, nevertheless, objected that a different motive and object should have led to the emission of these branch drafts, and that a circulating medium, not contemplated by the charter, should thereby have arisen. Obviously designed for this purpose and for this alone, it is considered that it would have been equally as legitimate for the bank to have caused bills to be issued under the signature of any subordinate officer of the bank, drawn either upon itself or its branches, as to have adopted the expedient to which it has actually resorted. It is considered, also, that the restrictions imposed by the charter on the issue of any note of less amount than five dollars might have been rendered wholly inoperative, if, under the right to issue a draft in the ordinary course of business, the bank had directed drafts to be issued, for the sole purpose of circulation, of a lesser denomination.

Those of the committee who entertain a different opinion think that these drafts are but bills of exchange; that they are legally binding on the bank; that if they pass through many hands after they are issued, and before they are presented for payment, other bills of exchange often do the same, and in this way constitute more or less of the actual circulation of the country; that there is no restraint in the charter on the power of the bank to issue bills of exchange, and no intention to confine such issues to a particular denomination is therefore to be implied or presumed; that the reasoning which supports the legality of these issues would not apply to bank notes, signed by subordinate officers, and not by the president and cashier, because the power to sign such notes is expressly given to the president and cashier; and the common rule of law is, that in instruments creating authorities and conferring powers, a power expressly given to one agent is understood to be withheld from all others. Nor do those members of the committee regard the argument as conclusive, even if it were true in fact, that by the issue of drafts the bank could render inoperative that provision of the charter which forbids the issuing of bank notes of a less denomination than five dollars. It would be no new case, they think, if one provision in a long and complex instrument should be found to be such as to render of little or even no use another provision in the same instrument; and though courts of law would be disposed so to construe the whole instrument as to give effect to all its parts, yet they know of no rule by which an express power, granted in terms which neither

express or imply any limitation, can be restrained, in order to give more effect to other restraints. If this were admissible, the same reasoning would authorize a construction which should abolish the power altogether. The bank, it is probable, seldom draws any bill of exchange, large or small, which does not perform, and which, when drawn and purchased, is not expected to perform, to some extent, the office of circulating medium. In a thousand cases, there may not be one in which the purchaser expects to receive the amount of the bill into his own hands, without transfer or endorsement.

These views appear to be sustained by decisions of the United States courts, where it has been held, that to counterfeit or forge one of these drafts, is punishable under the law.

The committee purposely avoid an elaborate argument on either side. They content themselves with stating the general principles on which their several opinions are founded, and submitting them to the Senate and the country. Those who maintain the legality of these issues are sustained by high legal opinion; and, in a great degree, by the fact, that for years past, the Government has taken these drafts, uniformly, as money, in the payment of its dues; thus virtually acquitting the bank from all liability to forfeiture, and giving the drafts themselves the impress of a legal currency. Nor do they perceive that the country has, by that proceeding on the part of the Government, sustained any loss. These drafts are every where current; are redeemed by the bank with promptitude and readiness; and answer to commerce all the purposes of an unquestionable legal currency.

The Treasury order, lately issued to the collectors of the customs, and receivers of the public moneys, was communicated to the president of the bank; whose reply to Mr. Woodbury, dated the 26th November, together with a circular addressed to the officers, dated 10th November, are hereto appended.

The contract with the Barings.

The only remaining subject which the committee deems it necessary to notice, in connexion with alleged violations of charter, is the arrangement entered into with Baring, Brothers, and Co., in the year 1832, through the agency of General Cadwallader, in relation to the three per cents. It might very well have excused itself from an investigation into this matter, after the two reports made by a committee of the House of Representatives, in the year 1833, where will be found embodied all the facts connected with it, but for the direct allegation made against the bank, in the published address of the President of the United States to his cabinet, in which the following language is used: "The agent made an arrangement on terms, in part, which were in *direct violation of the charter;* and when some incidents, connected with this secret negotiation, *accidentally came to the knowledge of the public and the Government, then, and not before,* so much of it as was palpably in violation of the charter was disavowed." The charge thus made, implicates most strongly the character of the directors of the bank, not only as unworthy, but dishonest agents. It is no more or less than a charge, that if the negotiation could have been kept a profound secret, they would have sanctioned it in all its parts; but that they were driven from this purpose by the fact, "that some incidents connected with this secret negotiation accidentally came to the knowledge of the public and the Government," and that, in order to save themselves from public odium, and the bank from the effects of this violation of its charter, they dishonored, as far as they could do so, the agent whom they had employed, by disavowing his act. If this charge be well founded, the committee would have no

The whole amount of bills of exchange purchased in the year ending the 1st January, 1823, was $7,353,190 56.

Since that day the funds of the bank, as will appear by the general statements, have been becoming more and more active. The purchase of foreign and domestic exchange has undergone a rapid augmentation, and a circulation corresponding with the demands of commercial operations safely maintained. From July, 1824, that portion of the funds which was rendered inactive, by being employed in loans on stock, began to be rapidly reduced, which, added to the gradual sale and ultimate redemption of the funded debt, afforded to the bank enlarged means of extending its operations in business transactions. The most fruitful field of profit to the bank, as well as the means whereby its notes would be kept actively in circulation, was discovered to be that presented in the purchase of exchanges. The purchase of domestic bills has, therefore, gone on, gradually augmenting, until they attained their maximum in May, 1833, amounting in that month to $23,147,247 96. It is through the instrumentality of the exchanges that the circulation of the bank has been maintained at its late augmented amount. The operation is as follows:—At any branch of the bank, New Orleans for example, the notes are issued, *first*, to persons who give their notes promising to pay in a given number of days. If, at the end of the period, the identical notes are repaid, the transaction ceases, and the notes are restored to the bank. *Second*, to persons who give their bills of exchange payable in the northern Atlantic cities. The notes are then paid to the planters and others, who up the river, and after performing the function of circulation through the western States, are brought by the tide of business to the Atlantic cities; but before their arrival, the bills of exchange, for which they were issued, have matured, been paid, and the means of redemption are in the hands of the bank. *Third*, they are given to persons who, in return, give their bills of exchange payable in Europe, which bills are then sent to the parent bank, and sold in the northern Atlantic cities; thus furnishing the funds out of which the notes of the bank, issued for them, are redeemed. *Fourth*, they are given to persons who, at the end of the time stipulated for the loan, if they do not pay in the identical notes received from the branch, pay in specie, or in the notes of other banks, which notes the bank renders equivalent to specie.

In the development of its resources, the bank rested on these data: loans payable at short periods, the providing of funds chiefly through bills of exchange, to meet the issues of its notes where they are most in demand, to meet the payment of the revenue, and where they will always be found in large masses. The making the notes of other banks equivalent to specie at the places of their emission, which necessarily imposed a restraint upon their issues, and thereby secured a sound circulating medium to the country. In some instances, it is true, it has departed from this policy, by making loans for too great a length of time, which cannot be done without depriving itself so much of its active capital. But the committee are not prepared to say that this has often been done. The activity and extent of its operations sufficiently prove that the large mass of its means is fully within its con-

For the more clear development of the operations of the bank during the last eleven years, the committee caused to be prepared the following tables:

1st. A table showing the amount of domestic bills purchased in the year

1822 and the year 1833 at the bank and its several offices, and of foreign exchange purchased; and

2nd. A table showing the extent of circulation of January, 1823, and April 1832, of the bank and offices.

From the first, it appears that domestic bills purchased in 1822 amounted to	$7,353,190 56
Domestic bills purchased in 1833 . . .	71,761,370 86
Foreign exchange in 1822	326,199 30
Do do 1833	9,656,066 88
From the second, that the circulation of 1st January, 1823, was	4,361,058 00
On the 4th April, 1832, the period of its greatest extent .	22,458,620 00

The rates at which these extensive operations in the exchanges of the country have been purchased at the bank and offices, may be seen in the annexed table marked F, while that marked G will exhibit the comparative value of bank notes in 1816 and in 1829.

Having shown the effect of these measures on the currency and exchanges of the country, it remains to exhibit their effect on the bank itself; the following statement of the condition of the bank on the 1st of January, 1823, and 1st of January, 1833, will effect this object, for which purpose the table marked H is appended.

It has previously been stated, that in January, 1823, there were suspended of the business loans $6,705,549 13, and that $17,831,819 02 were active; while of the whole business loan and bills of exchange on the 1st January, 1833, amounting to $58,154,560 53, there were suspended

Of the loans	$3,677,371 81
Of the bills	364,459 20

And leaving the mass of business loans at the two periods as $17,831,819 03—to $54,112,739 52.

The annexed table, marked I, will finally show the effect of these operations on the profits which have accrued to the stockholders, from the discounts and the purchase of exchange.

The summary of all which is, that the bank, in the last eleven years, has overcome all the difficulties which stood in its way; has given to its notes a universal circulation, redeemable wheresoever presented; has increased the circulation from four to twenty millions; has facilitated domestic exchanges by diminishing its rates; and, by increasing the annual amount purchased from seven to seventy millions, has purified the general currency, and has doubled the profits of the bank itself.

These things are now matters of history; they are manifested on the face of the general statement now exhibited to the Senate, and the committee would have been unfaithful to the high trust which the resolution of the Senate devolved upon them, if they had failed to have presented the foregoing analysis. Upon one point it has received the highest approbation, at the hands of the last and present administration—the measures which it has adopted, as the agent employed by the treasury in paying off the public debt. Mr. Rush, in his Treasury report of the 13th December, 1828, says: "In this manner heavy payments of the debt are, in effect, made gradually, instead of the whole mass being thrown at once upon the money market, which might produce injurious shocks. So prudently, in this and in other respects,

does the bank aid the operation of paying off the debt, that the community hardly has a consciousness that it is going on." Mr. Ingham, in like manner, on the 11th of July, 1829, says: "I take the occasion to express the great satisfaction of the Treasury Department, at the manner in which the president and directors of the parent bank have discharged their trusts, in all their immediate relations to the Government. So far as their transactions have come under my notice, and especially in the facilities afforded in transferring the funds of the Government, and in the preparation for the heavy payment of the public debt on the 1st instant, which has been effected by means of the prudent arrangement of your board, at a time of severe depression on all the productive employments of the country, without causing any sensible additions to the pressure, or even visible effect upon the ordinary operations of the State banks." And the President himself, in his message to Congress of December, 1829, says: "It was apprehended that the withdrawal of so large a sum from the banks in which it was deposited, at a time of unusual pressure on the money market, might cause much injury to the interests dependent on bank accommodations. But this evil was wholly averted by an early anticipation of it at the Treasury, aided by the judicious arrangements of the officers of the Bank of the United States."

It is certainly true that the bank has met with almost unbounded censure from the same high quarters, for its effort to postpone the period for the redemption of the 3 per cents. during the year 1832, with the foreign stockholders. Upon that subject the committee have said all that it seems to them necessary to say. The motives which impelled the bank to the adoption of that course, have been fully made known to the public in the report made by a committee of the directors, dated December 3, 1833, while at the same time the grounds of accusation have been as fully displayed by those who charge it with error.

It has been objected, also, that the expansion of its operations in 1831 was altogether unjustifiable. The committee have no additiona facts to add to those already in possession of the public. The accusation and the defence have been placed in the hands of the community, and it would be nothing short of supererogation for the committee to repeat either the one or the other.

Allegations of particular acts of misconduct.

In addition to charges affecting its general management, the bank has been charged with particular acts of mismanagement, in some instances connected with the assumption of power of an unjustifiable character. Into these several acts, so far as the committee have possessed knowledge of their *ascription*, they have sought to make an examination which would prove satisfactory to the Senate and country. The first which engaged their attention was the conduct of the bank in the establishment of branches.

Branch Banks.

The report of the committee of the House of Representatives, appointed during the year 1832, to examine the books of the bank, urged against the bank the establishment of additional branches, as a ground of objection, and declared its proceedings in this respect to be "deserving the most serious

attention, as a source of extended influence of the bank." The committee have, therefore, felt it to be their duty to inquire into this subject. Their object has been to ascertain under what circumstances new branches have been established. Whether upon the intrusive and unsolicited movement of the bank, for the chief, if not the sole purpose of extending the sphere of its influence, or for the more legitimate purpose of advancing the pecuniary interests of its stockholders, or the fulfilment of its duty to the Government. It is difficult to conceive how it could in any way enlarge the sphere of its influence, by locating a branch where neither the wants of commercial men, or of any other class, required increased banking facilities. The want of borrowers would seem to be as fatal to the spread of its influence as the want of money to lend.

Within the last sixteen years eight original branches have been established, viz., at Nashville, Natchez, St. Louis, Mobile, Portland, Burlington, Utica, and Buffalo.

For that at Nashville, repeated applications had been urged from a period as far back as July 18, 1817. Upon this subject the committee refers to the annexed documents.

No. 1. Is a petition from Felix Grundy and others for a branch at Nashville, dated July 18, 1817.

No. 2. A letter from William Carrol to the president of the bank, urging a branch at Nashville, October 3, 1817.

No. 3. A renewed petition from the citizens of Nashville, dated December 8, 1817.

No. 4. The proceedings of a town meeting at Nashville, applying for a branch, and appointing a committee to urge it, dated January 31, 1818.

No. 5. A letter from the committee, consisting of Felix Grundy and others, dated January 31, 1818.

No. 6. Letter from Felix Grundy, dated February 14, 1818.

No. 7. Reply of the president of the bank to the committee, dated February 14, 1818, and covering

No. 8. A copy of the proceedings of the board, dated February 14, 1818.

No. 9. A copy of an application by John McNairy, Andrew Jackson, and other eminent citizens, in anticipation of the establishment of a branch at Nashville, recommending a president and cashier for said branch. This letter is not dated.

No. 10. A letter from John Bell, dated February 24, 1818, accompanying the proceedings of a town meeting in Franklin, on the establishment of a branch at Nashville, to John Williams, at Washington, and the other to the president of the bank, dated February 24, 1818.

No. 11. A letter from Felix Grundy and others to the president of the bank, 10th April, 1819.

No. 12. Another from the same to the same, dated May 20, 1819, and

No. 13. Another from Felix Grundy alone, dated 27th of May, 1819.

Nos. 14 and 15. Answers from Mr. Cheves, dated 27th May and 16th of June, 1819.

No. 16. A letter from Gov. Carroll, enclosing the copy of an act of Tennessee, repealing an act passed November 22, 1817, so far as the United States Bank was concerned, dated 1st December, 1826.

No. 17. Another letter from the same, dated 22d January, 1827.

No. 18. A petition from George W. Campbell and others, citizens of Nashville, urging the establishment of a branch; in a note appended to which, it is said "that there were only six persons who refused to sign it."

Thus, it will be seen, that the branch at Nashville was not established, notwithstanding the most urgent applications, until after the lapse of many years from the first application for it, nor until the Legislature may be regarded as actually applying for it, by repealing a law, imposing a tax on banking capital, so far as the Bank of the United States was concerned; a similar law to which was also passed by Kentucky, which might have expelled the branches located at Lexington and Louisville from that State, but for assurances from other quarters, similar to those contained in the annexed letter from W. T. Barry.

The branch at Natchez was established at the formal request of the Legislature of Mississippi, transmitted to the president of the bank, dated March 27, 1826.—*(See document appended.)*

That at St. Louis was established upon the application of the citizens of that town, aided by a letter from Mr. Rush, in reply to a letter from Mr. Benton, and transmitted by Mr. Benton to the president of the bank, dated March 27, 1826.—*(See document.)*

The branch at Mobile was twice urged upon the bank by Mr. Rush, the then Secretary of the Treasury; 1st. By letter dated 26th January, 1826; 2d. By letter dated May 16, 1826. In the last letter, the bank is also urged to establish a branch at Detroit; in lieu of which, it established a branch at Buffalo, under the belief that, whilst it would answer the purposes of the Treasury as well as Detroit, it might prove more advantageous for commercial purposes.—*(See the letters.)*

The branch at Portland was also called for, in the letters from the Treasury Department, dated 16th May, 1826; so that, of the eight branches which have been established in the last 16 years, only those at Utica and Burlington were established by the bank, in the absence of either an express call from the Legislatures of the respective States wherein they were established, or at the urgency of the Treasury Department.

If the bank had sought, by multiplying its offices, to exert a controlling influence over public sentiment, it would have been furnished a fair apology, in the numerous applications addressed to it from every quarter, to have multiplied them almost *ad infinitum*. Those applications have been sustained, in many instances, by men of the most exalted reputation. To quote a few instances out of the many may suffice to show the course of the bank in this respect. It refused to establish a branch at Lynchburg, Virginia, although applied to by the citizens, who were sustained in their application by the letter from Mr. Jefferson, dated 8th October, 1817.

It refused to establish a branch at Fredericksburg, Virginia, although the application was sustained by a committee composed of three of the most respectable citizens, who were recommended to the notice of the directors by the letter from Judge P. P. Barbour; and although, as if in certain success of the application, Mr. Madison was induced to recommend to the board a gentleman for the presidency, by letter dated 25th of February, 1818; and although James Barbour, Hugh Nelson, P. P. Barbour, and James Pleasants, gentlemen of acknowledged weight and influence, urged the pretensions of another person for the same office.

It declined establishing a branch at Pensacola, although Andrew Jackson, now President of the United States, forwarded the memorial of the citizens, and sustained the application in a letter dated 15th August, 1821.

It refused to establish a branch at Albany, New York, although memorialized so to do by a large number of respectable citizens; and although the

memorial was signed by Martin Van Buren, now Vice President of the United States, and was also forwarded under cover of a letter from him, dated 17th July, 1826.

It refused to establish a branch at Detroit, although urged by the Secretary of the Treasury so to do.

It refused to establish a branch in Indiana, although requested by the Legislature; and in Florida, under similar circumstances. The documents and letters exhibiting these facts are hereto appended; and it has refused to establish branches at the following places, although petitioned so to do by numbers of the most respectable citizens:

In Maine, at Bangor, memorial dated January 20, 1831.

In New Hampshire, at Concord.

In Vermont, Burlington, Middlebury, and Brandon.

In Rhode Island, at Bristol.

In Connecticut, at New Haven and Middletown.

In Massachusetts, at New Bedford, November 20, 1830.

In New York, at Oswego, Albany, Schenectady, Auburn, Plattsburg, Troy, and Rochester; which applications were made from 1826 to 1831.

In Delaware, at Wilmington.

In New Jersey, at Patterson and at Newark, in 1831.

In Virginia, at Wheeling, Abingdon, Petersburg, Danville.

In North Carolina, at Washington, in 1831, Charlotte and Milton in 1832 Raleigh, Newbern, Wilmington, and Tarborough.

In South Carolina, at Cheraw, in 1830, Columbia in the same year.

In Georgia, at Augusta, Macon, Clarksville, and Columbus in 1831.

In Florida, at Pensacola, Tallahassee, and Leaksville, in 1831, 1832.

In Alabama, at Florence, Colossus, Athens, Courtland, Montgomery, and Tuscumbia, in 1830, 1831, and 1832.

In Tennessee, at Clarksville, Knoxville, Jackson, and Memphis, in 1830 and 1831.

In Kentucky, at Frankfort and Hopkinsville, in 1831.

In Ohio, at Zanesville, Dayton, Chillicothe, Circleville, Portland, Cleveland, Columbus, in 1830, 1831.

In Indiana, at Madison, Vincennes, Lafayette, Terre Haute, and Indianapolis, in 1829, 1831, 1832.

Thus rejecting sixty-three applications, pressed upon it by the memorials and petitions of most respectable citizens of the several places from whence the applications proceeded.

The French Bill.

The next subject of charge which it devolved on the committee to inquire into, was the course adopted by the bank, in exacting damages on the French bill. The facts attending this transaction are fully developed in the annexed correspondence between the president and cashier of the bank, and the Secretaries of the Treasury Department. The first letter in the series is a letter dated October 31, 1832, from Mr. McLane, representing that the first instalment arising under the convention with France, amounting to $3,916,666 66, together with interest thereon at 4 per cent. from the 2d February, 1832, would be payable at Paris on the 2d February, 1833 expressing the wish of the department to transfer to the United States the

instalment, and proposing to draw a bill on the French Government, payable on the 2d of February, and suggesting that a credit for the amount of the bill in favor of the Treasury in the Bank of the United States on the 2d March, might be allowed the purchaser of the bill, if better terms could thereby be had. He expresses a desire to receive the views of the president of the bank on the whole subject, and presuming that an arrangement for the transfer might be made at the bank, requested a statement of the terms. On the 5th November the president of the bank answers the letter of the Secretary. He advises, as the simplest form which the transaction could assume, a sale of a bill on Paris, drawn by the Secretary; but states "that it would not be easy to find an individual purchaser for the whole, and if the bills were divided, the knowledge that there was in the market a drawer for so large a sum would tend to depress the rate." He proposes a purchase of the bill for the whole amount at a given rate of exchange. The next letter from Mr. McLane is dated on the 26th January, 1833, in which he informs the president of the readiness of the department then to draw the bill, and presumes that the bank is still disposed to purchase, on the terms previously offered. Mr. Biddle, in his reply, dated 30th January, 1833, for the reasons therein set forth, proposes to take the bill, but at a different rate of exchange, and Mr. McLane, by his letter of the 6th February, accedes to the terms offered by the bank. The bill is, thereupon, transmitted to the bank, accompanied with all the documents necessary to give force and efficacy to the sale, and to the collection in Paris. The bill was duly presented to the Minister and Secretary of State for the Department of Finance, at Paris, and no provision having been made by the French Chambers for its payment, was regularly protested. Notice of the protest was received at the bank on the 26th April, 1833, and a letter, bearing date on that day, was addressed by Mr. Jaudon, the cashier, to the Secretary of the Treasury, notifying him of the fact, and holding him responsible for principal, interest, cost, damages, and exchange; and on the 13th May the original bill was transmitted to the Treasury Department. Mr. McLane's letter of the 6th May, recognises the propriety of at once paying the bill, and informs Mr. Biddle that the treasurer has been requested to instruct the cashier to recharge the same to his account. He says, in conclusion: "The account of the bank for the return of the bill is under consideration, and the result, which is not to be affected in either way by this payment, will be communicated in a few days." On the 17th June, Mr. Biddle addressed a letter to Mr. Duane, calling his attention to the subject; who, on the 21st June, answered and enclosed a letter from Mr. Taney, then Attorney General, in which he says: "The account stated by the bank, if supported by proper vouchers, appears to be correct, with the exception of the claim of 15 per cent. damages on the amount of the bill. This item, in my opinion, has no foundation in law or equity, and ought not to be paid by the Government. The bank is entitled to indemnity and nothing more. I will take another occasion to state to you the reasons on which my opinion is founded." On the 24th June, Mr. Biddle says, in a letter to the Secretary, "The transmission to the Treasury Department of the account in question was, as I think you will readily perceive, an indispensable act on the part of the bank, not merely as the assertion of a clear right, but as a necessary preliminary, to enable the Government of the United States, were it so disposed, to recover the amount from the French Government." He asks to be informed of the grounds of the Attorney

General's opinion, "in order that the bank may review the grounds of its judgment, as it would be extremely reluctant to urge any claim not manifestly proper." Mr. Duane replies, in his letter of the 27th June, that the reasons of the Attorney General were not on file in the Treasury Department, but that he will address Mr. Taney on the subject, and will forward his reasons when received. The correspondence between Mr. Duane and Mr. Taney ultimates in the following declaration by Mr. Taney, in his letter of the 16th August, 1833: "I cannot imagine that it is the duty of the counsel for the United States to argue this question for the satisfaction of the president and directors of the bank, whenever they may think proper to call on him to do so." And a letter from Mr. Biddle to Mr. Duane, dated August 24th, 1833, in which he says: "I regret to perceive that the Attorney General declines communicating to you the reasons of his opinion, as I was anxious, before adopting any final course upon the subject, the board of directors should have had an opportunity of understanding the views of that officer, to which they would have given the most respectful consideration." This terminates the correspondence upon this subject for the year 1833.

On the 8th July, 1834, the president of the bank writes to the Secretary of the Treasury, acknowledging the receipt of a letter from the Secretary, of the 3d of July, in which the bank was requested to place to the credit of the Treasury the dividends accruing to the Government on the stock held by it in the bank, and informs the Secretary that his letter of the 3d, along with his letter of the 2d, containing the final refusal of the Treasury to allow the claim of the bank for damages on the French Government, had been submitted to the directors, and that the decision of the directors had been, that there should be deducted from the dividend, payable the 17th July, the amount due the bank for damages, costs, and interest, upon the bill of exchange drawn by the Secretary of the Treasury on the French Government; and, in conclusion, says, "I am further instructed to say that this course is adopted by the board of directors, not merely from a consideration of the obvious justice and propriety of it, but because it furnishes the best if not the only mode of obtaining a judicial decision of the case by the proper tribunals. To procure that decision the board will give every facility in their power; and if there is any other mode of submitting the rights of the respective parties to the judicial tribunals more acceptable to you, any suggestion by you for that purpose will not fail to receive the prompt and respectful consideration of the board of directors." The letter from Mr. Woodbury of the 14th July, in which he declines making any proposition to the bank, and complains of the proceedings as extraordinary, and urges reasons in order to show that the course of the bank was wholly unjustifiable, with the letter of the 28th of November from the president of the bank, and Mr. Woodbury's reply of the 11th day of December, 1834, completes the correspondence upon this subject.

Up to this day, the simple state of the case is as follows: the Government has a bill of exchange on Paris for sale. In consequence of the magnitude of the sum, it would, in order to meet with a purchaser in the person of a private individual, have had to be divided into several sums. This would have been attended with delay, which the Government sought to avoid, and probably with loss, by effecting a reduction in the rate of exchange. The offer of the bill, under these circumstances, is made to the bank, and the bill is *purchased* by the bank. It is duly presented, and protested for

hesitation in saying, that the bank is not only responsible for the conduct of the Exchange Committee, that committee having acted in the matter under a resolution of the board investing them with full authority, but that the directors connected with the transaction have proved themselves unworthy of their places. The charter expressly forbids the bank dealing in Government stocks. The act complained of by the president was an actual negotiation for the purchase of the three per cents. held in Europe, by one acting as the agent of the bank; and if he acted in pursuance of instructions and in compliance with them, the subsequent disavowal of his proceeding would have been made in punic faith, and would expose the institution to the severest censure. In looking into the facts connected with this charge, the committee have been governed as well by a sense of what was due to the high source from which it has flowed, as from an earnest wish to do entire justice to the Government and the bank.

The facts connected with this transaction are as follows: On the 13th of March, 1832, the president of the bank, twelve of the directors, including the president, being present, submitted to the board the probability of the redemption by Government, in the course of that year, of a large portion of the three per cents. of the United States, more than one-half of which was held by foreigners, and suggested the expediency of empowering a committee to enter into such arrangement with the holders of the stock as might, in their opinion, "combine the interests of the bank with those of the public;" whereupon it was, on motion, resolved, "that the subject be referred to the Committee of Exchange, with authority to make, on behalf of the bank, whatever arrangement with the holders of the three per cent. stock of the United States as would, in their opinion, best promote the convenience of the public, and the interests of the institution." The Exchange Committee, acting under the plenary power with which they were thus invested, adopted the expedient of appointing an agent to visit Europe, for the purpose of opening there a negotiation with foreign stockholders. The instructions to that agent are to be found contained in the two letters of Mr. Biddle, dated the 18th of July, 1832. The agent entered into a contract with Baring, Brothers, and Co., on the 22d of August, in London; and, by letter, which was received the 1st of October, advised the Committee of Exchange of his having entered into a contract; and on the 25th of August he enclosed a copy of the contract, which, together with its envelope, reached the bank on the 11th or 12th of October, and by which it was stipulated by Baring, Brothers, and Co., "1st. To invite the holders of the three per cent. stock of the United States to retain their stock until October, 1833; the bank engaging to pay their interest quarterly until that time. 2d. To buy up the said three per cent. stocks on the best terms on which they could be obtained, at prices not exceeding ninety-one per cent., or as much higher as the running quarterly interest, in case of need; the costs of which stocks to be placed to the credit of the Bank of the United States, in a separate account, chargeable with whatever rate of interest Messrs. Baring, Brothers, and Co. may be compelled to pay; the certificates of stock so purchased, to remain with Baring, Brothers, and Co." On the 15th of October the president of the bank, having submitted the contract to the Exchange Committee, addressed a letter to Baring, Brothers, and Co., from which the following is extracted: "As you remark in your letter of the 30th of August that you wish to have the account disposed of as the bank may deem expedient, I take the earliest opportunity of inviting your attention to one part of the arrangement with

which it will be impracticable for the bank to comply. When the institution was chartered at the close of the late war, the Government had a large debt which it proposed to pay or purchase up out of the surplus revenue, and, in order to prevent any competition in those purchases, the charter expressly declares that the bank shall not be at liberty to purchase any public debt whatever. The object of the provision would certainly not be counteracted by the present operation, since Government has actually advertised the payment of the stocks, which is thus in fact no longer an object of purchase by the sinking fund. This circumstance it probably was which induced Mr. Cadwallader to regard the purchase of public debt so situated as not conflicting with the provisions of the charter. When, however, the stock was purchased in August and September last, it was still a subsisting debt; one-third of it will so continue until the 1st of January next; and even were the case less clear than it seems, the institution is, both from inclination and duty, disposed to give the most rigorous construction to its own powers. I am under the necessity, therefore, of apprising you that the bank cannot consider as purchased on its account the three per cents. stock reported by you in your favors of the 30th August and 6th ultimo, amounting to $1,474,827 33." Two of the members of the Exchange Committee, men of acknowledged and unquestioned probity and honor, were examined on oath before a committee of the House of Representatives, in February, 1833, and in reply to the following question, "Had the president or Exchange Committee any intention to disavow General Cadwallader's authority to make the contract he did, until after the appearance in the New York papers of the 11th or 12th of October last of the circular of the Barings to the foreign stockholders of the United States three per cent. stocks, announcing to them that they had the authority of the bank to purchase or negotiate a postponement of the stocks held by them?" Answer of Mr. Eyre: "I can say yes, positively. I recollect it perfectly well. When I first read this letter, (General Cadwallader's of the 22d August,) I said it was not proper, and disavowed it." Answer of Mr. Bevan: "I never did see myself the notice referred to in the New York papers, but well recollect, the moment the letter was received, giving information of the proceedings in relation to that negotiation. The president of the bank, with the approbation of the Exchange Committee, immediately wrote, disavowing the nature of that arrangement, it having been made under a misapprehension."

These are the facts then which attend on this transaction. If reference be had to the letters of instructions under which the agent acted, those instructions look to an arrangement for the postponement of the period of redemption of the stocks, and not a word is said about a purchase. A correspondence was carried on about the same time by the president of the bank with Mr. Ludlow, as the representative in this country of certain holders of the stocks abroad; and the object of that correspondence was to obtain a postponement of the time of redemption merely. That correspondence is annexed to the report of the Committee of Ways and Means, already referred to. If the letter of Mr. Biddle to the Barings of the 15th of October be consulted, an express disclaimer of authority to negotiate for the purchase of the stocks by Mr. Cadwallader is found. If Mr. Eyre and Mr. Bevan are to be believed when testifying on oath before a committee of Congress, then is there no reason to believe that "incidents connected with this secret negotiation, accidentally coming to the knowledge of the public and the Government," induced the bank to disavow the act of its agent in oppo-

sition to its own views and previous intentions. The only "incident" which the committee has been able to ascertain as furnishing to the public or the Government any intimation of what had been done, was the publication which was made in the New York papers of the 11th or 12th of October, 1832, of the invitation addressed by the Barings to the stockholders; and it is worthy of remark, that the contract itself seems to require of the Barings the very publication which they made; so that if the contract was made with the approbation of the bank in the first instance, it authorized the very publication which, so soon as it appeared in print, caused it to disavow the contract. Whether such an irrational and contradictory course can be well ascribed to the directors, the Senate will have no difficulty in determining. No communication which the committee have been able to find amongst the papers of the bank, antecedent to Mr. Biddle's letter of the 15th of October, disapproving the contract, was received from the Secretary of the Treasury, or any officer of Government, disapproving what had been done. No intimation of the slightest displeasure on the part of the Government was given anterior to that date. How then it can be ascribed to the bank that it disavowed the act of its agent in consequence of intimations given, either to the public or the Government, unless indeed there exist other facts, of the existence of which the committee are entirely ignorant, it is left to the Senate to decide.

The committee is not to be understood as approving the residue of the contract with the Barings, which looked to the postponement beyond the 1st of October, 1832, of the redemption of the three per cents. upon the payment of the interest by the bank. To the reasons which have been assigned by the bank for this measure, the committee do not permit themselves to look. The circumstances in which the commerce of the country was placed by the heavy importations of the preceding year, the large amount falling due to the Government on custom-house bonds, the apprehended effects on commercial operations and mercantile credit by the prevalence of the cholera,—these were undoubtedly strong inducements with the bank to avoid, if possible, the large remittance of $5,000,000 abroad, to pay off the foreign holders of the three per cents.; but the Government had ordered them to be paid on the 1st of October, 1832, and the 1st January, 1833. The bank was in possession of Government funds to an amount sufficient to meet the payment, and a postponement should not have been attempted, without its previous sanction. It had, upon application being made to it, already postponed the redemption from July until October; and from those days it had a right to expect that the certificates of its stock should be delivered up. The committee do not believe that any injury would have arisen to the Government by the contemplated arrangement. The responsibility of the bank alone, and the acquittal of the Government from future liability for the certificates postponed without its consent, would have been unquestionable; but still the bank, without its previous consent, should not have postponed the delivery of the certificates for a single day beyond that prescribed by itself. This view seems afterwards to have been taken by the president of the bank; for, in his correspondence with the Barings, he urges and obtains an alteration in the whole of the contract; and a surrender of the certificates of the stocks was made, as is said by the Committee of Ways and Means in its report to the House of Representatives in 1833, at an earlier day than would probably have otherwise been done had the agency of the Barings never been invoked; so that, in truth, the Government was rather benefited than injured by these operations.

These are all the charges against the bank, tending to implicate it in a violation of its charter, into which the committee deemed it necessary to inquire. In truth, they are apprised of no other as at any time having been urged, imparting any thing worthy of notice or examination, unless, indeed, it shall be considered as having subjected itself to accusation by the termination to which the contemplated examination into its affairs, by a committee of the House of Representatives, during the last session of Congress, was brought. Upon that subject, the Senate and the country are already in full possession of all the facts; and this committee feels that it has fully acquitted itself of its duty by making reference to them. It might be considered as indecorous and unbecoming for this committee to express an opinion relating to the powers and rights of a co-ordinate branch of the legislature, which is fully competent to decide the question for itself. It proceeds, therefore, to the next subject of inquiry presented by the resolution of the Senate, viz.: the safety of such public moneys as have been permitted to remain with the bank.

Safety of the Public Deposites.

The following statement will exhibit their amount on the 1st day of November, together with the resources and liabilities of the bank.

Liabilities on November 1, 1834.

Notes in circulation	$15,968,731 90
Deposite to the credit of the Treasury	429,465 07
Public offices	1,837,168 66
Private deposites	6,741,752 24
Unclaimed dividends	82,791 98
Capital stock	35,000,000 00
Total of liabilities of the bank November 1, 1834	$60,059,909 85

To meet which it has the following resources, viz.:

Discounts	$34,667,828 24	
Mortgages	87,591 29	
Domestic bills	11,086,373 07	
Foreign bills	2,727,782 11	
Real estate	3,024,788 45	
Due from State banks	427,102 89	
Specie	15,910,045 31	
Total of resources	$67,931,511 36	
Showing a surplus of resources over liabilities of		$7,871,601 51

By referring to document marked 3 and 4, it will be seen that, by the returns of the bank in June and July last, the total of the ascertained and estimated losses is set down at		$6,005,315 71
Viz., On banking houses	$ 303,359 84	
On other real estate	150,820 94	
On suspended debt	1,744,427 13	
Desperate debts and losses on real estate already charged	3,806,707 80	
		$6,005,315 71

And that the surplus funds of the bank are the contingent fund provided to cover the losses of the bank -	$5,901,955 87
The fund for extinguishing the cost of banking houses -	976,019 59
Unappropriated balance of profit and loss account -	3,166,670 71
Total amount of surplus funds - - - -	10,044,646 17
From which deduct the estimate of losses - -	6,005,315 71
And the excess in favor of the bank is - -	$4,039,330 46

The statement of actual or probable losses is made half-yearly, and hence the committee has referred to that of July. By the statement of the condition of the bank for the 1st of November of the current year, it will be seen that the further sum of $30,809 80 has been carried to that head, which, deducted from the above excess, leaves still a surplus on that day of $4,008,520 66.

After this exhibition of the condition of the bank, the committee might well take leave of this branch of the subject; but they would but indifferently acquit themselves of their duty, if they overlooked other important facts which have a direct bearing upon this inquiry. From the fall of the year 1832, the credit of the institution has been put to the severest trial. By the report made by the Secretary of the Treasury on the 5th day of December, 1832, the responsibility of the bank as a fiscal agent was called into question, and Congress was informed that an agent had been appointed to inquire into the security of the bank as a depository of the public funds; and an examination into its concerns, with the purpose of ascertaining the safety of the public moneys committed to its custody, was suggested. The conduct of the bank in regard to the three per cent. stock was thereupon referred to a committee of the House of Representatives; and in the report made by the minority of that committee, who were regarded at the time as holding sentiments somewhat congenial with those of the Executive department, we find the following declarations: After having attempted to show that the statement of the condition of the bank was altogether deceptive, the report proceeds to say, "It hence appears that the bank is in a worse condition, by *seven and a half millions*, than it was in March, 1832, when it is admitted on all hands to have been under pressure. The reason why a more severe pressure is not now felt is, because the bank has so arranged its affairs as to evade making the payments which were required by Government." Again, on the same page, "although some of the liabilities of the bank are actually omitted in this statement, (the statement furnished by the Exchange Committee in their report of that period,) and particularly the dividend amounting to $1,225,000, declared a few days after, yet it presents the bank in a condition no more favorable *than in the most perilous moment of its existence.*" Not to multiply extracts from this report, the concluding sentence is referred to as not only well calculated to subject the bank to doubt and suspicion, but as an index pointing to more unambiguous results. "There is not time left for the further action of Congress, with a view to a more perfect information at the present session. Whether existing facts are sufficient to justify the Executive in taking any step against the bank, authorized by the charter, is a matter for the decision of the proper officers, acting upon their own views and responsibility. *An opinion by Congress can make it neither more or less their duty to act.* Whatever,

therefore, the opinions of the committee might be as to the justice or policy of any Executive action, they deem it unauthorized and improper to express them officially."

If to these be added the efforts continually made to excite doubts and suspicions in the public mind as to the entire solvency of the bank; the concerted run made against the Lexington branch in the year 1832; the constant agitation of the public mind for some months anterior to the first of October, 1833; the actual withdrawal of the public moneys from the custody of the institution; the uncertainty which has since involved measures which the Executive might adopt against it; the declaration by Mr. Duane, that the administrative department was actuated, in all its measures towards it, by a spirit of "vindictiveness," and the circumstances of the times; it may be said, with every confidence in the truth of the declaration, that tests of the most severe and conceivable kind have been applied to ascertain its solvency. Whether any other moneyed corporation in the world could have stood up against trials so severe, is in the highest degree questionable. The loss of confidence by the public in the credit of a moneyed institution, is the invariable precursor of its downfall; and panics against banks, arising often from unseen and unknown causes, have over and over again produced their overthrow. How deeply rooted, then, must be the public confidence in the *solvency* of the United States Bank, and in the skill with which its affairs have been conducted, when the doubts and suspicions of the Government itself, a partner in the concern, followed up by the most hostile action, has not only not shaken the confidence of the public in its responsibility, but when its notes are now as eagerly sought after as at any former period of its existence. These facts need no commentary; and the conclusion is resistless, that the public moneys deposited in the bank are abundantly safe. They therefore proceed to the next inquiry presented by the resolution of the Senate, viz.:

What has been the conduct of the bank since 1832, *in regard to the extension and curtailment of its loans and discounts?*

In order to meet this inquiry, the committee directed the statement marked No. 3 to be prepared, from which it appears that on the 1st of January, 1832, there was due to the bank—

Bills discounted on personal security	$ 48,852,570 34
On bank stock	731,157 53
Other securities	18,850 00
Making a total of	49,602,577 87
On domestic bills	16,691,129 34
	$ 66,293,707 21

On the same day the bank stood indebted to Barings, Hopes, and Company,	$ 1,447,748 00
From which, if there be deducted the amount debited to Barings, Hopes, and Company, and foreign bills,	91,668 23
The bank's indebtedness abroad is shown to be	$ 1,356,079 77

On the 1st of December, 1832, there was due on bills discounted on personal security -	$41,211,739 94	
On bank stock - - -	673,689 42	
Other securities - - -	3,038,688 71	
	44,924,118 07	
On domestic bills - - -	16,647,507 59	
Total discounts and domestic bills -	$61,571,625 66	
Exhibiting a difference between the 1st of January and 1st of December, 1832, of - - - -		$4,722,087 55
In the meantime the foreign debt was cancelled, viz., - -	$1,356,079 77	
And the bank held funds abroad equal to	2,859,733 19	
	$4,215,812 96	

Which, subtracted from the difference above stated, exhibits a reduction of $506,268 59, between the operations of the bank on the 1st of January, 1832, and the 1st of December of the same year, manifesting a withdrawal of its funds from one subject of investment, and the adoption of another.

Thus, while the amount on notes discounted was reduced		$7,640,830 40
The loans on stocks were increased	$2,962,370 60	
And the dealings in foreign exchange	4,215,812 96	
		$7,178,183 56

For the purpose of ascertaining whether the bank had curtailed or enlarged its operations between the 1st January, 1833, and the 1st September of the same year, the committee made a comparison between the condition of the institution on those respective days, the result of which is as follows:

	Local discounts.	Domestic bills.	Foreign bills.	Total.
1st Jan. 1833,	$43,626,870 32	18,069,043 25	3,106,823 33	64,802,736 90
1st Sept. 1833,	43,366,185 15	19,287,174 44	3,241,291 64	65,894,651 23
Thus showing an augmentation of credits of				$ 1,091,914 33

Which increase, if a comparison be made between the intermediate months and the 1st day of January, will be found to be even larger. In order to show what course was pursued at each of the offices and the bank, the committee caused the statements of the affairs of the bank and offices to be made out; and, for the greater facility of looking into the condition of each office, the several statements therewith connected to be prepared.

From the latter period a new era was about to commence with the bank. The Executive was assuming daily a more decided tone of hostility towards it, of which it received direct admonition in the appointment of a Government agent to negotiate with the State banks, and the communications of the newspaper press. The blow at length came, in the removal of the public deposites from the Bank of the United States to the State banks. The following statement will exhibit its responsibilities, for which a demand more or less immediate might be made, and its means for meeting it.

On the 1st day of October, 1833, it held

Deposites of the Treasury - -	$ 6,691,833 15		
Deposites of public officers -	3,176,552 43		
		9,868,435	58
Private deposites - - - - -		8,008,862	72
Circulation - - - - - -		19,128,189	57
		$ 37,005,487	87

Its resources to meet those demands were,

Loans - -	$ 42,226,275 42		
Domestic bills -	17,867,927 51		
	60,094,202	93	
Foreign bills - - -	2,375,390	23	
Due from State banks - -	2,288,573	19	
Specie - - -	10,663,441	51	
		$ 75,421,607	86

The bank might reasonably have anticipated the following results:

1. A transfer of the whole amount deposited to the credit of the Treasury.

2. The future deposites of the Government would be made elsewhere, and a large portion of the revenue being received in the notes of the bank, would create a demand for specie against it, which it would necessarily have to meet.

3. The circulation would probably be forced in by the course the administration of the Federal Government had taken, as individual holders of its notes might reasonably entertain fears, when the public authorities had manifested their distrust of the institution; and the effects of this feeling might extend also to those who had made the bank the depository of their funds.

4. The bank no doubt anticipated a very decided diminution of the amount on private deposite, for this further reason, that the money of individuals is always withdrawn from a bank when money is in demand, and can be profitably and safely invested. The removal of the deposites was well calculated to produce an augmented demand for money, and to induce those who had it to withdraw it from the bank. The reduction of discounts under any circumstances, always produces a diminution of deposites, either to pay the reductions or to loan to those who have to pay them.

5. The administrative department of the Government had manifested a spirit of decided hostility to the bank. It had no reason to expect any indulgence or clemency at its hands; and in this opinion, if entertained by the directors, about which there can be but little question, subsequent events very soon proved they were not mistaken. The President's address to his cabinet; the tone assumed by the Secretary of the Treasury, Mr. Taney, in his official communication to Congress; and the developments subsequently made by Mr. Duane in his addresses to the public, all confirm the correctness of this anticipation. The measure which the bank had cause to fear was the accumulation by Government of large masses of its notes, and the existence thereby of heavy demands against its offices. The consequence of the failure of any single branch would have been disastrous to the institution. It would have produced universal distrust against all banks, and led to a state of things the most calamitous to the country.

The bank therefore began at an early day to provide against contingencies.—*(See Appendix, No. 1.)* On the 13th of August, 1833, it decided,

First. That the discounts at the bank and the offices should not be increased.

Second. That the domestic bills purchased should have but ninety days to run.

Third. That the five western offices should purchase ninety days' bills only on the Atlantic cities, except when taken in payment of debt, when they might be taken at any place at four months.

This was communicated to all the offices in a circular, dated October 12, 1833.—*Appendix, No. 2 & 3.*

To the five western offices, it was added, "It is a subject of regret to be obliged to impose any restraint on your business, especially on your operations in exchange, to which we attach particular value. The measures will, however, I trust, be only temporary, and will not be continued when the circumstances which render it expedient have passed." To the other offices it was said, only, "these resolutions make, as you perceive, but little change in your present arrangements of business, and whatever restrictions they contain will, I trust, be temporary, and cease with the causes which have rendered them expedient at present."

On the 24th September, 1833, the board appointed a committee of seven members, "to take into consideration what measures it is necessary and proper should be adopted on the part of this bank, in consequence of the recent intimation that the Government deposites are to be removed."—*Appendix, No.* 4.

That committee, on 1st October, recommended the following measures, which were adopted:—*Appendix, No.* 5.

1. To extend the regulation of the 13th August, as to the purchase of domestic bills at the five western offices, to those of Burlington, Utica, Buffalo, Pittsburgh, Natchez, and New Orleans.

2. To limit the purchase of bills of exchange to those payable in the Atlantic cities and New Orleans.

3. To fix the rate of exchange on different sections of the Union.

4. To decline the receipt of notes of distant State banks, except in payment of debts, and to collect the balance due from State banks.

The annexed statements, marked X, will show the balances due to and from the offices at Louisville, Lexington, St. Louis, Cincinnati, Pittsburgh, and Nashville, at the several dates of the 1st October, 1833, January, 1834, and July, 1834.

On the 8th of October the board decided "that a general and gradual reduction of the loans and discounts is at this time necessary," and they directed "that the committee on the offices be authorized to direct such a gradual reduction in the amount and in the time of the loans at the respective offices, as may, in their judgment, be made without inconvenience to the customers of the bank, or the community."—*Appendix, No.* 6.

The subjoined table, marked No. 4, will show the manner in which those reductions were apportioned among the bank and its offices, and the mode in which the orders of the board were carried into effect.

These orders were communicated by the president to the various offices, by a circular; and in another of the 17th October, he urged upon them a perseverance in those measures.—*Appendix, No. 7 and 8.*

The whole amount of reduction ordered by the above proceedings was $5,825,906 74. The same table, No. 4, exhibits the fact, that on the 23d January a further reduction was ordered, to the amount of $3,320,000.

This was communicated to the offices in letters from the president, stating "that the present situation of the bank and the new measures of hos-

tility which are understood to be in contemplation, make it expedient to place the institution beyond the reach of all danger; for this purpose I am directed to instruct your office to conduct its business on the following footing."—*Appendix, No. 9—copies of letters.*

The offices of Cincinnati, Louisville, Lexington, St. Louis, Nashville, and Natchez, were further directed to confine themselves to ninety days bills on Baltimore, and the cities north of it, of which they were "allowed to purchase any amount their means would justify;" and to bills payable at New Orleans, which they were to take only "in payment of pre-existing debts to the bank and its offices;" while the office at New Orleans was directed to abstain from drawing on the western offices, and to make its purchases mainly on the northern Atlantic cities.

The committee have thus given a full, and somewhat elaborate detail of the various measures resorted to by the bank, from the 13th August, 1833: of their wisdom and necessity the Senate will be best able to pronounce a correct judgment. From these measures it will appear, that the actual curtailment on existing debts, ordered by the bank, was,

On the 8th October, 1833	$5,825,906 74
On the 23d January, 1834	3,320,000 00
Total curtailment ordered	9,145,906 74

These orders were, in some instances, relaxed. To the offices at Boston and Savannah they were not addressed. At the former place, the discounts were obviously below the fair proportion to which it was entitled, and by the statement from that branch it will appear that a large augmentation of its discounts actually took place.—[See *Statement No.* 2 x *& No.* 3 x.] It is, at the same time, proper to add, that during the same period a decided diminution in its dealings in domestic exchange occurred. The office at Louisville represented the inconvenience to the community of enforcing the reduction there, and it was countermanded. At New York, on an application from the citizens, it was suspended; and after some progress had been made in the reduction at Baltimore, the distress there rendered it necessary to expand rather than diminish the loans.

On the 27th June, 1834, the board appointed a committee of seven members, to take into consideration the present state of the bank, and to inquire whether any further measures be necessary, in consequence of the expected adjournment of Congress, without taking any steps on the subject of the removal of the deposites.—[See *Appendix, No.* 10.] This committee, on the 11th July, reported, and the board adopted the following resolutions: First, That all orders for the reduction of loans should be revoked, and that the committee on the offices should authorize any expansion of the loans and purchases of bills which they might deem necessary to relieve any pressure on the community. Under this authority, the committee directed expansions where they deemed them necessary; which, although they may have produced the effect of increasing the operations of particular branches, do not seem to have added to the aggregate of bank credits.

On the 16th September the board directed the committee on the offices "to make any alteration in the several orders to the offices, as to loans, and as to the purchase and collection of domestic bills, that the interests of the institution and a just regard to the public interest may seem to require."

The committee adopted a scale of increase for the business of all the offices. The whole restrictions on the purchase and collection of domestic bills

were revoked; and the offices, with some few local exceptions, were authorized to increase their local loans.

These complete the circle of the operations of the bank in regard to the public deposites.

It remains to see the extent of the reductions ordered, and the extent of reductions effected. After the deposites were actually removed, a reduction was ordered, and not before.

The public deposites then amounted to - -	$9,868,435 58
The reduction ordered in October to - - -	5,825,906 74
Being less than the deposites by - - -	$4,042,528 84

On the 23d January, 1834, in consequence, as is alleged, not of the removal of the deposites, but of other expected acts of hostility on the part of the Executive, a further reduction of $3,320,000 was directed.

This made the whole reduction ordered - -	$9,145,906 74
The deposites amounted to - - - -	9,865,435 58
The whole reduction ordered being less by - - than the actual amount of public deposites.	$719,528 84

By the 1st July, 1834, the comparison of the reduction stood as follows:—

Total reduction ordered - - - -	$9,145,906 74
Total effected under the orders - - -	7,077,902 43
On that day public deposites withdrawn amounted to -	7,193,001 97
The amount reduced under the orders being less by - than the actual withdrawal of the deposites.	$115,099 54
There was, however, during that period a voluntary reduction of - - - - - -	$1,048,203 20
And a voluntary increase at some of the branches of -	616,663 95
Making an actual reduction beyond the orders, of -	431,539 25
Adding to which the total effected under orders -	7,077,902 43
Shows the reduction, voluntarily and involuntarily effected	7,509,441 68
Being less than the Government deposites on 1st Oct. 1833	2,355,993 90
	$9,865,435 58
The total actual reduction effected - - -	$7,509,441 68
Being more by - - - - -	306,439 61
Than the public deposites actually removed, viz.:	7,193,001 97

The committee then proceed to compare the reductions from 1st October to 1st July, of the discounts on the one hand, and private deposites and circulation on the other.

The reduction was as follows:—

Total reduction since October 1st.		
Of public deposites - - - -		$7,193,001 97
Private deposites - - - -		1,272,993 08
Circulation brought in and paid - -		2,486,191 67
Total reduction - - - -		10,952,186 72
Whilst the actual reduction of discounts was - -		7,509,441 68
Being less than the amount withdrawn - -		$3,442,745 04

Following the same course of things to the 1st September, the case stands thus:—

Total reduction of public deposites		$7,713,222 98	
Private deposites		1,154,680 08	
Circulation -		3,867,903 06	
			$12,735,806 12
Reduction of loans ordered	$9,145,906 74		
Outstanding - -	2,068,004 31		
		7,077,902 43	
Total effected under the orders			
Voluntary reductions	$1,187,766 47		
Voluntary additions	745,397 13		
		442,369 34	
			7,520,271 77
Being less by - - - - -			$5,215,534 35

than the amount actually withdrawn from the bank.

At the close of these operations the relative state of the bank on the 1st October and 1st July was as follows:—

On the 1st October the demands were,	
For public deposites - - - -	$9,868,435 58
For private deposites - - - -	8,008,862 72
For circulation - - - -	19,128,189 57
	$37,005,487 87

The resources were,			
Specie - - -	$10,663,441 51		
Domestic bills - -	17,867,927 51		
Foreign bills - -	2,375,390 23		
Loans - - -	42,226,270 42		
Debts from State banks -	2,288,573 19		
		$75,421,602 86	
In July, 1834, the demands were,			
Public deposites - -	$2,675,433 61		
Private deposites - -	6,735,869 70		
Circulation - -	16,641,998 00		
		$26,053,301 31	

Its resources were,

Specie - - -	$12,823,997 93	
Domestic bills - -	16,601,051 00	
Foreign bills - -	3,827,413 03	
Loans - - -	34,423,921 72	
Due from State banks -	408,726 34	
		$68,085,110 02

So that in nine months it has paid off of its responsibilities, $10,952,186 56; and by the reduction of $7,509,441 68 out of $76,107,694 44, (the total amount of its investments on the 1st of October, 1833,) a reduction of about ten per cent., and by using the portion of its funds hitherto due from the State banks, it has increased its specie - - - $2,160,556 36
and its purchase of foreign exchange - - - 185,146 29

These are the results which an analysis of the tables hereto appended fully sustains.—*(See also letter from the President of the 30th August, and tables therewith connected.)*

The committee have already stated that the Senate was most competent to decide whether it was necessary for the bank to have resorted to measures of curtailment on its loans. The fact that its circulation amounted, on the 1st of October, 1833, to $19,128,189 57, and was protected by $10,663,441 51 of specie; that its demand upon the State banks amounted to $2,288,573 19, which was, in fact, equivalent to specie; that its debt due on domestic exchange, amounting on that day to $17,867,927 51, was destined to undergo reduction by payments in the two ensuing months, according to the uniform course of trade, and was less by the sum of $5,279,320 45 than it was in the month of May preceding, thereby placing in the possession of the bank unemployed resources to that extent, but resources, it is proper to state, which, if things had been left undisturbed, would, to a great extent, have found employment during the ensuing year, and were beneficially for the trade of the country in the months of February, March, April, May, and June, reinvested in part in the purchase of exchange; such reinvestment as early as the month of March having amounted to $918,770 49: the further fact that the resolution of the 13th August, 1833, directing the purchase of bills having longer time than four months to run should be declined; placed it an attitude of great strength, if not of safety. These facts, under ordinary circumstances, would have gone very far, if not entirely, to relieve it from the necessity of curtailing its ordinary discounts. That the circumstances by which it found itself surrounded were well calculated to force it into measures, out of abundant caution, which it would not otherwise have adopted, is readily conceded.

It is seen that it did not abandon its course of proceeding until the 11th July, and whether there existed a necessity for a perseverance in measures which had been resorted to for its protection, when it had been rendered somewhat obvious that no panic could exist in regard to it of a tendency any way alarming; but on the contrary, manifestations of confidence in its ability and firmness were hourly given, by the great anxiety every where shown to obtain its notes for all the purposes of trade and intercourse, when it voluntarily abandoned its curtailments at some of its offices; and when, notwithstanding its measures of curtailment, and the comparative diminution of its purchases of domestic exchanges, its notes had returned upon it slowly and reluctantly, the Senate, with a full view of all the facts and circumstances, is well qualified to determine. In connexion with these views,

however, it is to be remembered, that it could not be known by the directors until the rising of Congress what would be done or attempted by the constituted autnorities of the country, having a tendency to affect the credit of the institution. The committee has performed its duty in presenting both views of the subject, as well that which operates in favor, as that which operates against the bank; and in so doing, have acquitted themselves impartially of their duty. With such as have believed that it was time, on the 1st of October, 1833, for the bank to begin to wind up its affairs, the extent of the curtailment, it would seem, cannot be objected to. Those on the contrary who have regarded the institution as entitled to all its banking privileges and advantages for the full term of the charter, may question the necesity which was supposed to exist for any material change in its operations.

In persevering in the policy of redeeming its notes whenever presented, and thereby continuing them as a universal medium of exchange, in opposition to complaints on that head from some of the branches, *(see copies of correspondence,)* the security of the institution and the good of the country were alike promoted. The accumulation of the notes of any one branch for the purpose of a run upon it by any agent of the Government, when specie might be obtained at the very places of collection, in exchange for the notes of the most distant branches, would have been odious in the eyes of the public, and ascribed to no other feeling than a feeling of vindictiveness.

From an inspection of the statements respecting the bank and its offices, it will appear, that in a comparison of the amount of discounts of the months of March and December, 1832, there was, at the latter period, an increase over the first at the following offices, viz.: Portland, Portsmouth, Fayetteville, Charleston, Savannah, Mobile, and Buffalo; that there was a diminution in the amount of ordinary discounts at the following offices, viz.: Providence, Philadelphia, Baltimore, New Orleans, Natchez, Nashville, Louisville, St. Louis, Lexington, Pittsburgh, and Cincinnati; while at Boston, Hartford, New York, Washington, Richmond, Norfolk, Utica, and Burlington, little or no change occurred.

Instituting a similar comparison at the dates of March and September, 1833, the following results appear: that there was an increase in the amount of discounts at the last period over the first at Portland, Portsmouth, Philadelphia, Baltimore, Fayettville, Mobile, Louisville, Lexington, Utica, and Providence; that there was a diminution at Boston, Charleston, Savannah, New Orleans, St. Louis, Pittsburgh, and Cincinnati; while at Hartford, New York, Washington, Richmond, Norfolk, Natchez, Nashville, Buffalo, and Burlington, no material change took place.

What has been the management of the bank?

In order to enable the committee or the Senate to form an adequate idea of the general course and management of the bank for any given period, it is necessary to look back to an antecedent period, and to ascertain the character of the measures then adopted, to follow them through their results down to the present day, and thereby manifest the wisdom or folly of the past by the results of the present. With the purpose of the more thoroughly accomplishing this task. the committee caused the annexed statements to be made out, exhibiting the whole operations of the bank, from March, 1818, to October, 1834.

In consequence of the difficulties by which the bank was surrounded, and the errors in its management during the first years of its existence, those who had placed the greatest confidence in its value as a public institution, began to fear its incompetency to fulfil any of the great objects for the accomplishment of which it had been brought into existence. It was chartered from the belief that it would be the instrument for correcting the unhappy circumstances attendant upon the then disordered currency of the country, and for furnishing a circulating medium of uniform value. The directors themselves appear to have abandoned all hope upon this point, and their fears were actively excited for the bank itself, in the universal receivability of the notes by the Government in the payment of its dues. This is sufficiently manifested in the memorial presented to Congress on that subject in the year 1820, in which the following language is held: "Under the 14th section of the act incorporating the bank, the bills or notes of the bank, originally made payable or which shall have become payable on demand, are made receivable in all payments to the United States, unless otherwise directed by act of Congress. Under this regulation the power of the bank to make its capital available, either for its own profit or the public good, is greatly abridged. The sphere of its circulation is limited to those places where it is least wanted, and made to exclude those where it would be eminently useful, while the whole currency of vast sections of the country is thereby frequently embarrassed."

The annexed extract from the statement, made by a committee of directors who visited Washington, to the committee of Congress, to whom the memorial was referred, will explain the nature of the difficulties from which they expected relief. They urge the importance, in connexion with the currency, of the circulation of the United States Bank notes; but they declare that "it is not in the power of the bank, so long as they are receivable by the Government at all points where they may be tendered, instead of being received only where they are payable, to make them coextensively useful with the Union."

Acting under these views, the bank forbade the offices with whom the exchanges were adverse from issuing their notes; and although it issued its own notes, as did the offices against which the exchanges did not run, without restriction, yet it will be seen with what rapidity the amount of its notes in circulation diminished. In the short space of five months, from 1st April, 1819, to the 30th August, 1819, they were reduced from $6,045,428, to $3,838,386.

The annexed extracts from the minutes of the board, of the 25th September, 1819, will serve still further to develop the condition in which the bank was placed at that period of its existence. Up to that time it had not dealt, to an extent worthy of notice, in domestic exchanges; and when Mr. Cheves came into the presidency of the institution, he found it struggling for existence amidst the numberless difficulties by which it was surrounded, and his great concern, doubtless, was to assist in the effort to rescue it from obvious and apparent dangers. The committee will not fatigue the Senate by recapitulating the many embarrassments which he had to encounter. That they were great will be rendered obvious by the fact that, from July, 1819, to January, 1821, no dividend was declared by the bank, but that all its net profits were carried to the contingent fund. So it is, that at the termination of his administration, by referring to the statement of the condition of the bank at that time, viz., on the 1st of January, 1823, it will appear that but little was done in the way of domestic exchanges, and the notes of the bank con-

stituted but a small part of the circulation of the country. The impression still seems to have prevailed that the issue of the notes of the bank was hazardous, and that all loans and purchases of exchange, which caused an issue of notes, were to be avoided. The specie in the vaults was kept nearly equal, and often quite equal, to the notes in circulation. No branch note was received at any other place than where issued, except for Governmental dues under peculiar circumstances.

The loans, on personal security, amounted to		$22,597,034 21
Bank stock		6,149,031 00
Funded debt		50,033 13
Domestic exchange		1,940,333 94
		30,736,432 28
The loan to the Government was		11,018,552 34
		$41,755,084 62

The notes in circulation were	4,361,058 00	
Specie	4,424,874 48	

Of these $41,755,084 62, the division into active and passive was as follows:

The funded debt of the Government	$11,018,552 34
The bank stock and funded debt loan	6,149,031 00
	$17,167,583 34
Of the remaining loans on personal security	$22,597,034 21
And on bills of exchange	1,940,333 94
Making	$24,537,368 15

There were under protest, or otherwise suspended, of the loans on personal sucurity	$ 6,447,312 21
Bills of exchange	258,236 92
	$ 6,705,549 13
Leaving for active loans the difference between	$24,537,368 15
And	6,705,549 13
	$17,831,819 02

So that on the 1st of January, 1823, the active business of the bank consisted of,

Loans on personal security	$16,149,722 00
Bills of exchange	1,682,097 02
Making an aggregate of	$17,831,819 02

The specie	$4,424,874 48
Notes in circulation	4,361,058 00

nonpayment, and the purchaser demands the usual damages arising under the protest. The Attorney General expresses the opinion that the purchaser has no title to damages, and says he will give his reasons at another time. He is asked the reasons for his opinion at another time by the party most interested in knowing them, and he declines giving them. The bank urges the claim upon the Treasury, which is ultimately decided against it; and having no recourse against the Government by suit, retains an amount, arising out of the dividends of the Government, one of its stockholders, equal to the damages; the president of the bank addresses a letter to the Secretary of the Treasury, advising him of this, and stating the object to be to carry the question before the courts, and expressing his readiness to adopt any other course of proceeding upon the subject which would be more agreeable to the Government, which is altogether declined by the Government. These are the facts of this case. If they appertained to a similar transaction between the Government and a private citizen, law and equity would alike require the payment of the damages, and justice would award it. Is there any thing to differ the case, because a number of individuals, incorporated by the style and title of the Bank of the United States have become the purchasers, in lieu of a single person?

The Government has often purchased bills of exchange on foreign countries, and the committee is ignorant of a single case of a protest, in which it has ever remitted the damages. Some of the transactions of the Government, in this particular, are to be found in the annexed memorial of Stephen Girard, and a long list of others, in which the damages have been exacted. What if the bank had been the seller, and the Goverment had been the purchaser, of the very bill now the subject of controversy, can it be supposed that the Attorney General, with the precedents above cited before him, would have given the opinion, with or without assigning reasons, that the bank was not bound for the damages, "either in law or equity?" or shall it be asserted that law or equity upholds a government in exacting of private individuals a measure of redress, which, when it becomes the debtor, it will not extend to them? Is there any thing in the relation existing between the bank and the Government, which differs the case, in principle, from the ordinary case between the Government and an individual? The bank was the depository of the public moneys. True; but if an individual depositor had sold the bill, would the amount of his deposite then actually in bank have exonerated him from damages? Or, suppose that any other large stockholder than the Government had sold the bill, would the case have been at all varied? For the public deposites the bank gave, as an equivalent, its services in the transmission to various points, of the moneys of the Government, and moreover paid down, in the form of a bonus, $1,500,000 for that and other privileges. Is it any where stipulated that it shall, where the Government is concerned, waive, in its favor, the universal law appertaining to bills of exchange, and the provisions of the municipal law?

But another ground is taken, viz., that the money which the bank was to pay was never used by the Government. If this was so, it would not alter the case. The money was always liable to the order of the Government, having been passed to its credit on the books of the bank on the 11th February, 1833. Congress had also passed a law directing it to be loaned out to individuals; and in pursuance of the requisitions of that law, the Secretary of the Treasury, on the 6th day of March, 1833, issued a notice that it would be loaned out on the 20th of that month, thus as effectually withdrawing it

from the uses or control of the bank, as if he had checked for the whole amount. Nor is this all. A portion of it seems actually to have been used by the Government for its ordinary expenses. On the 18th February there was to the credit of the Treasury $1,735,460 40, of which $903,565 89 were the proceeds of the French bill; and as in the month of April there were only $746,613 61, the difference between these sums, that is to say, $156,952 28 had been drawn for out of the proceeds of the bill, and the Treasurer, when the money was repaid, had to draw on funds elsewhere in order to make out the amount. The right, therefore, which accrued to the stockholders, appears to the committee to be founded in strict law, and if the directors had waived it, they would have exerted an authority for which they could not have found a suitable apology to the stockholders. What the stockholders might themselves do on the score of liberality to the Government is another question, in the decision of which by the stockholders they would undoubtedly have taken into consideration the course of the Government to the institution.

As to the subsequent retention of the dividends by the bank, the doctrine of retainer, well understood by the courts, applies as well to a corporation as to an individual; and when that retainer is avowedly made in order to procure a submission to the courts and juries of the country, and would have been waived, as is plainly intimated in Mr. Biddle's letter to Mr. Woodbury, if the submission could in any other way be secured, your committee are unable to see why there should be either clamor or objection raised to the course pursued by the directors. It has often been suggested, as a course worthy to be adopted in all cases when the claim of a citizen was rejected by the Government, and the citizen felt himself aggrieved, to render the Government suable. In some of the States an appeal is granted from the decisions of the accounting officers immediately to the courts; and although the United States cannot be sued, yet the idea of depriving the citizen of a legal trial, when matters were so circumstanced as to enable him to obtain such trial, it is believed was never thought of. Controversies in the courts, between the Government and the citizen, are things of frequent occurrence. Persons employed in collecting, receiving, or disbursing public moneys, in all the numerous agencies of the country, if they believe the Government to be their debtor, seek indemnity by retaining moneys to an amount sufficient to satisfy their claims; and if the Government thinks itself wronged by such proceeding, the law prescribes the manner in which it shall seek redress. If it resorts to the harsh remedy provided by the act of 1820, that very law protects the rights of the citizen by giving him the privilege of appealing to the judiciary; and if the Government declines resorting to the somewhat arbitrary proceeding authorized by the same act, the courts are open to it, and an honest and impartial jury of the country, if it be in the right, settles the controversy in its favor. What is there so very wrong in all this? or how long has the wish on the part of the citizen to submit his rights to the arbitraments of the courts become a subject of governmental denunciation? The Government of a free people can never lose their affections until it shall have forfeited their confidence. The most ready way to bring about that result is for the administrative department to hold its decisions as unquestionable revelations of truth, to doubt or to appeal from which, is to call down upon the head of the offender the extremity of its vengeance. The committee, on the contrary, regards the judiciary removed, as by the theory of the constitution it is presumed to be, beyond the influence of party excite-

ment, as peculiarly suited to settle controversies of the character of the present. The law there will have its free course, unwarped by party feeling, and uninfluenced by any other consideration than what justice shall demand.

Mr. Elmaker.

In a subsequent part of this report, it will be seen that the attention of the committee was called to the case of Mr. Elmaker, who had been appointed a government director, but who was excluded from his seat upon the ground that, at the time of his appointment, he was not a stockholder in the Bank of the United States. The following facts exist in the case: On the 30th June, 1834, Mr. Elmaker was, upon the nomination of the President of the United States, and by and with the advice and consent of the Senate, appointed a director on the part of the Government. On the 8th July, the directors were informed of his appointment by letter from Mr. Forsyth, dated the 5th of July. On the 11th July Mr. Elmaker presented himself at the board in order to take his seat, whereupon a resolution was submitted, by one of the directors, declaring that Mr. Elmaker was not entitled to his seat, not being a stockholder at the time of his appointment; which resolution was adopted—yeas 11, nays 1.

On the 15th July, after having been furnished with an official copy of the resolution, he presented himself again at the board, and insisted on his right to his seat, offering his commission, and a letter addressed to the president and directors in support of his title; whereupon the whole matter, along with the commission and letter, was referred to the committee on the state of the bank, who reported on the 22d, accompanying their report with the written opinion of Mr. Ingersol upon the questions at issue. On that day Mr. Elmaker was invited to attend the board, and upon his requesting time to enable him to read Mr. Ingersol's opinion, the board adjourned until six o'clock that evening, when they finally disposed of the case by adhering to their resolution of the 11th July, declaring that Mr. Elmaker was not entitled to take his seat at the board—yeas 8, nays 2.

The annexed documents so fully unfold the whole merits of this controversy, that the committee do not esteem it necessary to do more than refer to them. They consist of Mr. Elmaker's letters of the 15th July, setting forth the grounds of his claim, the report of the committee on the state of the bank, and Mr. Ingersol's opinion.

Before the committee leave this portion of their inquiries, they feel it proper to remark, that Messrs. Macalister and Ingraham are the only directors on the part of the Government now in office. Mr. Elmaker's case is already presented. Mr. Bayard, who was nominated and confirmed by the Senate at its last session, declined to act; and Mr. White was appointed in his place, who also declined; whereupon Mr. Howard was appointed, who also declined the appointment. Mr. Saul Alley, who was appointed at the same time with Mr. White, declined; and Mr. Tibbetts, who is understood not to have been a stockholder, was appointed, but could not serve for the reason stated; and no others have been appointed by the President, during the recess, to fill those vacancies.

Intermeddling with Politics.

The committee pressed their inquiries in every direction, in order to discover all and every interference on the part of the bank, if of any it had

been guilty, with the political parties of the country. For a great moneyed corporation, created to subserve the purposes of the country, to lend itself to party, and to enter, through its moneyed power, in any way, into the political struggles of the day, would be to render it truly and deservedly odious. It would be to bring an agent heretofore, it is believed, unknown in our elections, to bear upon them. Official power, and official influence, no matter from what quarter exerted, whether on the part of those who enjoy the money and emoluments arising from the offices of the Federal Government, or of the bank, are every way and equally objectionable, and should both meet with the severest rebuke. In either case, such interference is at war with that pure, unbiassed, and unbought suffrage upon which our political institutions mainly rest for their perpetuation. The way in which such power and influence would be most likely to display itself on the part of the bank, would be—

1st. In the appointment of directors for the several branches, with reference chiefly to their political sentiments.

2d. In an injurious discrimination between persons; granting accommodations to some and refusing them to others, because of the existence of particular political preferences or opinions.

3d. In the granting of large and unusual loans, on insufficient or doubtful security, to persons supposed to have political influence, and extending indulgences to such not extended to others.

4th. In efforts of direct bribery, by the donation of its money.

5th. In rendering the press its stipendiary, by bestowing gratuities on editors, or making to them extravagant loans.

6th. In large and unusual loans and accommodations to members of Congress, and other public functionaries, on insufficient security.

7th. In paying for publications not necessary for a true exposition of its condition, or to defend itself against unjust and injurious charges.

1st. *The appointment of Directors.*

On this point the committee has no reason to believe that any other motives have operated with the bank than those having reference mainly to the interests of the institution. The object seems to have been to place at the board of directors men of character and standing, acquainted with the circumstances of the citizens composing the community in the midst of which the office was situated, and of business habits. In some instances, doubtlessly, the board at Philadelphia have been deceived in the fitness of an individual for a branch director. That he should be expected to possess friendly feelings to the bank, and that in any controversy in which it should be engaged, either with an individual or the Government, the leaning of the director would be in favor of the institution whose interests he would have given a virtual pledge to support, by taking upon himself the office of one of its governors, would be most reasonably to be expected. It would be strange if this was not so; for to commit its management to the hands of those who were opposed to it, and sought its destruction, would be an act of madness and of folly, for which it could have neither excuse nor apology. No man of lofty or correct feelings would assume a guardianship, when he found in his breast, upon self-examination, none other than a feeling of hostility to the object placed under his control, and a desire to destroy, in place of a wish to sustain and uphold.

The only instances in which the directors, through the president of the bank, which have come to the knowledge of the committee, have been called upon to express their views on the course which it became the bank and its officers to pursue, in reference to general politics are to be found in the annexed correspondence, marked L. The first paper in the series is a letter from the president of the bank to Mr. Swann, dated 17th March, 1824. The board had been desirous of placing at the head of the branch at Washington a gentleman who would give more of his time to its affairs than the professional engagements of Mr. Swann allowed; and in the course of the correspondence, Mr. Swann intimated that the President of the United States and Secretary of the Treasury spoke in approbation of his appointment. This occasioned the remarks in the extract marked No. 1.

No. 2 is a letter from the president of the bank to Mr. Harper, cashier of the branch at Lexington, Kentucky, making known certain charges against that branch of having been partial in its loans to one of the political parties of the day, and forwarding a list of persons nominated as directors by certain members of Congress, from Kentucky, dated January 9, 1829.

No. 3 is a letter from the president of the same import, to Mr. Shippen, cashier of the branch at Louisville.

No. 4. The reply of Mr. Shippen, with observations on each person whose name was contained in the list.

Nos. 5 and 6 conclude the correspondence with Mr. Shippen.

No. 7 is a letter from Mr. Tilford, the president of the branch at Lexington, dated January 30, 1829.

In the same year Mr. Cambreleng was employed by the bank to select a proper position for a branch of the bank in the western part of New York. His instructions in regard to the selection of suitable directors will be found in an extract of a letter from the president to him, dated May 14s 1829.

About this time arose the controversy relative to the removal of Mr. Mason from the presidency of the branch in New Hampshire, all of which is already in print. The committee has, therefore, contented itself with extracts from the correspondence, marked No. 9.

The two letters to Mr. Johnson of the Charleston branch, the first dated 27th September, 1830, and the last 25th December, 1832, conclude all the correspondence upon this point which has fallen under the observation of the committee.

2. *An injurious discrimination between applicants, in granting loans, because of political differences.*

The committee has carefully examined the discount books of the bank and the several branches which it visited, for the purpose of ascertaining the course pursued towards those who are known to be hostile to the bank. The result of that examination is, that many who are known to be hostile to it, publicly and privately, who have co operated in measures to destroy it; who, in short, are its most uncompromising opponents, are among those who, at some period or other, have received accommodations at the bank, or some one of its branches. This remark embraces men in public and in private life; in the executive as well as legislative departments; in high as well as in subordinate offices. The committee do not feel that it is proper to go into particulars and give names. In some instances, to do so might

only have the effect to injure individuals, without doing the public any ser-
vice, but justice to the object of their appointment by the Senate requires a declaration thus emphatic, of the general results of their inquiry.

The committee ascribes censure to no man because he may, at some time in his life, have borrowed money of the United States Bank. It is a money-lending corporation; created for money-lending. The prime object of the stockholders is to make money by lending money; or, to speak more properly, by an exchange of credits. The borrower, then, whose loan is made on ample and sufficient security, and who is punctual in his dealings with the bank, confers upon its stockholders an advantage probably as great as they confer upon him. The committee sees, therefore, no reason for making injurious ascriptions to an individual who stands, or may have stood, in the relation of borrower; nor do they see why the bank should be censured for loaning to all, indiscriminately, who offer unquestionable security. The propriety of making the application is a question to be settled by the applicant, not the bank; it is for him to decide upon the degree of delicacy which may, or may not, be involved in the application. For the bank to undertake to decide this for him, would be, justly and properly, to expose it to his undying enmity. Its sole object should be to make profit for its stockholders, by discounting, when it has money to loan, all good paper, without an inquiry into the political complexion of the borrower; and so far as the information of the committee extends, this has been done from its creation to the present day.

In order to guard against misapprehension or mistake on this subject, it is all necessary to remember, that every man is not a borrower of a bank whose name may be on paper which it discounts. A bill of exchange, or a promissory note, is given in the purchase of goods, or in other transactions; the holder may either keep the paper till its day of payment, or he may, at any time before such day of payment, procure its discount at a bank. Such discounts constitute a large portion of all true banking operations; and in such cases there is no ground to say that the drawer of the note or bill is a borrower at the bank, or has received any accommodation at its hands.

3. *Unusual loans on insufficient security, or unusual indulgences to persons supposed to possess enlarged political influence.*

The committee has discovered nothing in the proceedings of the bank, to induce a belief that it has adopted any policy of this kind. Each borrower is held to comply with the rules of the bank; when those rules are violated, the violation is followed by a protest, or such other proceedings as are usually adopted in other cases. In some instances, where the borrower has failed to renew his note at the proper time, either from inadvertence, or from circumstances beyond his control, or has neglected to pay the discount upon each renewal, or has changed his endorser, by substituting one name for another, equally good, or has drawn a draft on one who declines accepting it, and offers another already accepted by a person or persons entirely responsible, the bank may have failed to have the note protested. In such cases to protest would be, at the best, but a useless proceeding, injurious to the individual, and without benefit to the bank. It seeks to secure its debt, and if that be done satisfactorily, all is accomplished which it could desire.

The committee are not aware of a loan to any one possessed of an enlarged political influence of an unusual amount, or in fact of any amount resting

on insufficient security, unless, indeed, cases falling under a subsequent head of inquiry shall be supposed to form an exception to this general remark.

4. *Efforts of direct bribery, by donations of its money.*

No case of this sort is known to the committee; no such case appears (of course none such would appear) on the books of the bank; and, to ascertain whether there might be some mode, unknown to the committee, by which the funds could be withdrawn, without the fact appearing on the books, they addressed inquiries upon that subject to the president and cashier, which, together with the answers, are hereto subjoined, marked M, by which it appears that every dollar drawn from the bank is regularly entered on the books, under its appropriate head.

The committee also called before them the two government directors, Mr. Macalister and Mr. Ingraham, and propounded to them, among other things, the following questions:

1. Could any money go out of the bank without the same appearing on the books?

Answer. We do not think that it could.

2. If such be the fact, we can conceive of no case in which money could be applied to electioneering or other improper purposes, unless by allowing discounts, and the application of the money to purposes different from those indicated on the face of the transaction. Do you know, or have you any suspicion of such a case; or do you know of any loss accruing from the action of power too much concentrated?

Answer. We do not know of any such case, nor do we know of any loss to the bank by the action of power too much concentrated, yet it might happen when too late to be checked. (The case of J. Harding was mentioned, which will be adverted to under another head.)

The committee then stated to those two gentlemen, that, as their object was to do entire justice to the country and the bank, we desire to be informed of all just grounds of accusation against the institution, and would be obliged to them for any suggestion which would direct our inquiries; and that any such suggestion would be received, if they desired it, under the seal of our personal honor.

Answer of Mr. Ingraham. I have considered the bank question as settled. Since I have been at the board, I have only attended to the current business. I have, therefore, no information that I can suggest, except, perhaps, the case of Mr. Elmaker, as government director. (To that case the committee have previously alluded.)

5. *In rendering the press its stipendiary, by bestowing gratuitous rewards on editors, or making to them extravagant loans.*

The committee know of no case of a gratuity to any one. In every instance of money paid to an editor, it appeared to be for services performed. Whether more than a fair measure of compensation was paid, the Senate will be most competent to decide, upon a view of statements which will be found under another head of inquiry.

The committee, as far as they could do so, looked into the books of the bank and branches, for the purpose of extracting statements of accounts of all persons known to them as connected with the newspaper press. In two instances the accounts due from editors have been carried to the suspended debts. The first is that of Jesper Harding, made up of various drafts,

amounting in the aggregate to $23,490 40, which is hereto appended. From which it appears, that he is responsible as endorser, $16,061 07; and as drawer, $7,429 33. The account begins on the 18th July, 1832, and ends on the 4th June, 1833.

The other is the account of J. W. Webb and M. M. Noah. On the 9th August, 1831, they obtained a discount on their paper of $20,000
On the 16th of December, of the same year, - - - 15,000
On the 2d of January, 1832, they obtained discounts on ten notes of 17,975
On the 10th February, 1832, another discount of - - 18,600

Making an aggregate of discounts, of $71,575*

On the 14th of August, 1832, they were indebted on the books of the bank for the last note discounted, viz., $18,600; the other notes, amounting to $52,975, having been discharged. This note of $18,600 was protested on the 17th February, 1833, and has been placed on the list of suspended debts. Mr. Webb addressed a letter to the president of the bank, on the 23d February, enclosing him a copy of a deed of assignment made by him, to secure other debts, and this debt of $18,600.

Of the account of Gales and Seaton, the committee have felt it to be proper to present the following statement:

In March, 1833, their debt due the bank at Philadelphia, and the office at Washington, amounted to - -		$80,338
On the 26th September, 1834, they owed the bank at Philadelphia - - - - - -	$35,850	
And on the 6th November, the office at Washington	20,869	
		56,719
Showing their actual payments, at both places, up to the 6th November - - - -		$23,619

and leaving a balance still due from them of $56,719.

The annexed letters from them to the president of the bank at Philadelphia, dated 29th March, 1833, and the extract from the letter of the cashier of the Washington office, dated 7th November, 1834, to John Tyler, on behalf of the Committee of Finance, will furnish in detail all the facts connected with these loans, and relieve the committee from the necessity of further comment or remark.

Loans made to editors have existed from the origin of the bank; and where such loans are neither exorbitant in amount, or made upon insufficient security, to urge objections to them would be both weak and puerile. If the loan made is reasonable in amount, is placed upon the footing of all other loans, without the practice or show of favoritism, it would require deeper casuistry than the committee lay any claim to, in order to discover any sound or good objection to it; loans of an opposite character demand, and will doubtlessly receive, unqualified condemnation; in a Government resting on public sentiment, the channels which convey intelligence to the people should be considered as unapproachable by the moneyed power exerted either by the bank or the Government. The Senate will pass its own judgment in relation to those which are above detailed, upon a

* The Committee took the above statement of the account of Webb and Noah from the books, without advertin to the fact, that the note of $20,000 was on six months, and came around in February; it is believed that the not of $18,600 was a renewal, and not a new loan. The amount, therefore, to those parties, should be put down a $22,975, of which $18,600 is still due.

review of all the facts. Those which follow are submitted only in their respective amounts.

At the bank at Philadelphia, one editor stands charged as payer -		$5,401
As discounter - - - - - - -		2,525
Total responsibility - - - - - -		$7,926
From another there is due on three several discounts -		$5,700
From another, as payer - - - - -	$1,115	
As discounter - - - - - -	2,712	
		$3,827
At Richmond, Virginia, on the 25th September last, one editor was reponsible as payer - - - - -		2,600
As discounter - - - - - - -		4,000
Making - - - - - - -		$6,600

At Norfoik, one editor is responsible on a note discounted for the benefit of the endorser, who executed a deed in trust to secure the drawer $1,200, the sum due on 26th November, 1834. This seems to have been a loan negotiated upon the responsibility of the editor out of friendship for the endorser, and is entirely secure.

From another editor there was due on the same day on three notes, which are fully secured, $1,620.

At Baltimore a loan was contracted by an editor in 1829 for $17,000. That is the only case of a loan to the editorial corps at that place, and is now reduced to $6,250, subject to the reduction of $250 at each renewal.

At New York loans on various drafts and notes have been made from time to time to one editorial concern, amounting in the aggregate to abou t$9,000.

At Providence there was no loan to any editor of a newspaper on the 5th day of September, 1834.

At Boston there was due from one editorial concern, in three notes, $1,300; from another, $1,000; and from a third, $500.

At Washington there is due from one editor, $3,996 84.

These were all the points visited by the committee, or any member of it.

Some of these loans were granted at a period too remote from the present times to be subject to any suspicion of impropriety, while others have been obtained by editors known to be hostile to the bank itself.

6. *Loans to members of Congress and functionaries of the Government.*

The same remark which was made in regard to editors is applicable also to members of Congress and other public functionaries: loans have been obtained by them of the bank at every period of its existence. This remark applies as well to those who now hold executive offices, as to those who now are or have been members of Congress, and this without regard to the political predilections of the borrowers. The committee have been able to trace but the sum of $400 at the bank of Philadelphia to the list of suspended debts, arising from a transaction in which any one now a member of Congress has participated; and there is no reason to believe that the nonpayment of that sum has proceeded from a want of ability on the part of the discounter to pay, but rather from a desire, as is presumed, on his part to make the drawer pay the debt. One other draft of $500, drawn by one member and endorsed by another, has recently been protested for nonac-

ceptance; but the debt is unquestionably good, and no difficulty will ultimately exist in the way of its payment. The bank has therefore encountered no loss of any moment at any time, so far as the committee is informed, in consequence of loans made to members of Congress. At some of the branches some few notes of those who have been members have been protested and put in suit. As far as the committee had the means of judging, the loans, both at the bank and its branches, now existing, to members of Congress, and such as have been members for the last three years, rest upon as good security in general as other loans. Under ordinary circumstances, where no question is pending affecting the bank, or where the member obtaining the loan maintains steadily and firmly the opinions he has theretofore been known to advocate, the most scrupulous can have nothing to object. If the mere loan of a sum of money on unexceptionable security, on which, during its continuance, the interest is regularly paid, with the full knowledge that the principal is also to be exacted in due course of time, can be regarded as likely so to operate as to induce a member to forget the obligations he is under to himself, his country, and his God, yet if no change has occured in his conduct and opinions which cannot be traced to pure motives, surely one thus circumstanced ought to be regarded as inaccessible to suspicion or censure. If the bank made loans to members of Congress, or other public functionaries, upon security which must have been known to be insufficient; if it relaxed its rules in their behalf, without justifiable motive; if it dealt out one measure to them, and another to others, or if it made to them voluntary donations of its funds—then would it be amenable to the severest censure. The committee have no knowledge of any such proceedings. It will go even further than this, and express the opinion, that if it had greatly multiplied its loans to persons of the description already mentioned, pending political agitations which involved in their results the existence of the bank itself, it would thereby have exposed itself in a great degree justly to injurious suspicions. For the purpose of ascertaining what was the fact in this last particular, the committee caused a comparative statement from the year 1826, (a period at which the bank could have had no suspicions of being placed in its present attitude to the administration,) to the present time; which statement embraces the amount of all loans made to members of Congress, at the bank and all the offices; from which the following results are extracted:

In the year 1826, with the addition since that time of several new branches, at one of which large accommodations have been granted to members, and an increase in the numbers of members of Congress, the amount discounted for or loaned to members, or bills purchased by the bank of members of Congress, was $237,437; that in 1834 they amounted to $238,586. That the amount during 1834 is less, by $136,180, than in 1833; by $89,483 than in 1832, deducting from the loans of that year the sum of $100,000, on a single stock loan, and $50,000 of post office acceptances; by $83,613 in the year 1831; and that something approaching an equality in amount prevails for the remaining period. The further fact is exhibited, that the loans at the parent bank, amounting in the present year to $57,264, is less, by $58,741, than in the year 1833; by $155,148 than in 1832; and by upwards of $13,000 in 1831; and that there has been a similar declension in comparison with the loans of each of the offices, with the exception of one, at which the amount is not extravagantly large; while at many others no loan, for any amount, exists in 1834. It is proper to remark, that the amount at Philadelphia and Washington in the year 1832 over succeeding and preceding years arises from the fact, that in that year a loan on stock, amounting to $100,000, was granted to one member, now deceased; at Phila-

delphia; and that at Washington discounts to the amount of $50,000 on post office acceptances, &c., were granted to another.

The statement referred to has been carefully compared with the original returns from the various offices, and found to be correct. In further prosecution of this subject, the committee made out the annexed table, exhibiting the number of members of past and present Congress who have received accommodations from January, 1826, to October, 1834, at the bank and all the offices, from which it will be seen that from the year 1829, exclusive, to the present day, there has been a marked uniformity in the numbers; the highest numbers being 59, and the lowest (the year 1832) being 44. In reference to the exhibits of the antecedent period, varying somewhat from that above noted, regard should in justice be had to the circumstance of the establishment of new branches, either about that time, or a year or two before. The statements embrace all who have been in Congress since the first January, 1826; notes negotiated on personal security, after the manner of ordinary discounts; notes payable by others and due to a member, and discounted in anticipation of the day of payment; and domestic bills, drawn payable, in some instances at sight, in others for shorter or longer periods, upon funds elsewhere than at the bank where purchased, and constituting a sale according to the ordinary operations of the bank, alike form the basis of the accommodations; as before remarked, members of Congress who have, or now do represent commercial cities, are either themselves engaged in extensive mercantile operations, or are connected with others who, with them, constitute large mercantile agencies; their accommodations are, therefore, usually considerable, and serve greatly to augment the amount done at the branches.

The committee see no reason to suppose that the amount of loans by the bank to members of Congress exceeds the amount of loans to any other persons of the country of equal numbers, and the same degree of connexion with business; and this the committee think will be apparent to any one who shall compare the number of persons who have been members of Congress since 1826 with the total amount of loans. They perceive not the slightest evidence that members of Congress have expected or sought favors of the bank, on account of their public character. And the committee think this unqualified and decisive expression of their opinion to be due to the character of the public men of the country, and, indeed, to the character and honor of the country itself.

The committee have not felt it to be either proper, or called for, to report the names of those who have obtained accommodations at the bank or any of its branches. They have seen nothing in any one of the loans to any person now a member, or who has heretofore been a member, to call for publicity. Some loans have been altogether inconsiderable in amount, while others have been of greater magnitude; but nothing has been ascertained by the committee to induce the belief, that either unfairness, fraud, or bad motive attaches to any one of them. Considerations such as those would require an exposure of all concerned. In any other view of the subject, the committee would regard themselves as amenable to the reproach of volunteering information, not necessary to understand the course of the bank, but exclusively affecting individuals. They have been required to examine the bank; to report upon its operations; to make such an exhibit as will enable the Senate to understand whether it has resorted to unworthy and improper means in order to obtain a recharter. The proofs upon these

points the committee have earnestly sought to make full and complete. They have not been invested with authority to arraign individuals; to expose their dealings to the public, in order to gratify personal or party feeling. They will say, however, for truth requires it, that accommodations have not been confined to members of this or that party. Men of all parties have obtained them; and individual loans, equally large in amount, are found on both sides of the political parties of the day.

7. *In paying for publications not necessary for a true exposition of its condition, or to defend itself against unjust or injurious accusations.*

The committee believe that with the limitation prescribed under this head of inquiry, no one can reasonably complain. Duty to itself and the country alike requires that it should, when necessary, furnish to the public such expositions as are proper to explain its true condition. The people of the United States have a large interest in its stock, to the amount of seven millions of dollars. Each citizen has an interest in knowing its true condition, since its notes constitute a part of the circulation of the country, and form the medium of exchange in all the operations of society. In this view it becomes also its duty to defend itself against unjust assaults; but the great natural and inherent right of self-defence appertains as well to a corporate as to a separate individual existence. If the reverse was true, the public might be continually made the victim of the grossest deceptions, and the corporation might be prostrated innocently and causelessly. No matter what the charge—however gross in its character or obnoxious in its consequences, it would be compelled to submit to it in silence. There is not in the nature of our laws—there is not in the justice of the people—there is not in the character of our institutions any thing so oppressive, so perverted, or so tyrannical. The rule laid down by the committee is therefore proper; it is recognised by the president of the bank as correct, in the subjoined letter to the Lexington branch. The committee would confine the bank within its limits. The moment it steps beyond them its conduct is without excuse; it then takes the field as an open and avowed advocate in elections; its purpose then is not to defend, but to attack; it becomes a partizan in politics, and an active agent in elections. Whether it has been guilty of stepping beyond the limits of the rule above laid down, the subjoined statement of its expenditures will determine. The committee looked into each voucher, and have transcribed, if not its very words, their true purport and bearing; thus rendering the exposition as full and complete as if the words of the vouchers had in every instance been copied. Although the committee looked into the expense account of a period anterior to the year 1829, they saw nothing to attract attention, and concluded to commence with that year, as furnishing a full exhibit of the expenditures of the bank, of any interest to be known.

The following comparative statement will exhibit the amount of expenditure made half-yearly, from 1st January, 1829, to 1st July, 1834, for printing not connected with the daily operations of the bank: the statement already referred to will set forth the items in detail.

1829.	For the 1st half of this year, commencing 1st January and ending 30th June, - - -	$52 25
	And for the half year ending 31st Dec. -	53 00
	Total for 1829 - - - -	$105 25

1830.	For the first half year, ending the 30th June, -	$3,285 17
	For the last, ending 31st December, -	2,591 50
		$5,876 67
1831.	For the first half year, ending 30th June, after deducting the president's orders - -	$10,401 74
	For the last half year, ending 31st December, after similar deduction, - - - -	711 50½
		$11,113 24½
1832.	For the first half year, ending 30th June, after deducting the president's orders, - - -	$1,990 85
	For the second, ending 31st December, - -	16,499 94
		$18,490 79
1833.	For the first half year, ending 30th June, after deducting the president's orders, - - -	$1,405 00
	For the second, ending 31st December, - -	1,888 03
		$3,293 03
1834.	For the first half year, ending 30th June, after deducting president's orders, - - -	24,358 43
	For the three months ending 30th September, -	2,031 50
		$26,389 93

The account of expenditures is submitted to the committee on the state of the bank, and after being examined, is certified by one of the members, whose name is written at the foot of the account. The same book is looked into by the dividend committee, and open to the inspection of all the directors.

The committee cannot leave this subject without expressing their decided opinion of the impolicy of the course pursued by the directors, in having thus increased the expenses of the institution in the printing and distributing the speeches, andm any of the pamphlets anddocuments which are mentioned in the vouchers. The expense is believed to have been unnecessarily incurred. It would have been more judicious and wise to have left those publications to reach the country through the ordinary channels of communication. There would have existed no backwardness in the public press, or on the part of individuals, to spread information before the people; while its own attitude would have lost nothing in public estimation by the practice of more reserve.

The augmented amount of expenditure in the years 1832 and 1834, over the preceding and intermediate years, taken in connexion with the circumstance that during those two years important elections were to take place, subjects it to the charge, whether well or ill-founded the Senate will determine, of a direct interference in elections, from which it should most cautiously have abstained, even in appearance.

Resolution, March 11, 1831.

The committee disapprove as decidedly the practice which has grown up under the resolution adopted by the board on the 11th March, 1831, which invested the president of the bank with authority "to cause to be prepared and circulated such documents and papers as may communicate to the people information in regard to the nature and operations of the bank." To the defined objects of the resolution no serious cavil or objection exists, or can well be taken. The power to draw money from the bank is sufficiently limited by the declared purpose of preparing and circulating such papers only as will give information in regard "to the nature and operations of the bank." But expenditures have grown up under it, resting on the orders of the president, without vouchers or defined purpose. The committee have all proper respect for the president of the bank. Nothing has transpired during that intercourse which has of necessity existed between him and the committee, whilst they were prosecuting their inquiries relative to the bank, calculated to produce any other than feelings of respect towards him. But the directors should carefully have avoided every appearance of mystery; nor should they have consented to place the president in a situation so full of embarrassment—one in which, to make explanations might be to defeat the very object held in view, while to remain silent leaves room for the most injurious conclusions. The committee owe it to themselves to state, that they submitted to the president the propriety of disclosing the objects of expenditure. The president averred that the bank could not have the least difficulty in making an ample and minutely detailed disclosure of every item of expenditure, so far as the bank itself or its officers were concerned; but urged the delicacy and justice, in his opinion, of refraining from disclosures which would most probably expose others, every way innocent, to vituperation, malignant aspersion, and peradventure to personal vengeance. He averred his willingness to verify, under any form of solemnity in any way agreeable to the committee, for what the expenditure *had not been* made; that no portion of it had been made to subsidize any portion of the public press, or to tamper with or affect the purity of any public functionary; but reverted to the indelicacy and possible danger of exposing innocent persons to odium or persecution. The detection of counterfeiters, the setting on foot the necessary measures where suspicions were awakened, the refutation of calumnies, &c. &c. were adverted to, as in many instances required by the interests of the bank, and yet some of them, from their nature, requiring the greatest secrecy. The committee would credit the statement of the president as s on as that of any honorable man, the correctness of whose course through life had placed his veracity above suspicion; but there should be no reserve or mystery in the accounts of the bank. The voucher should set forth *the object* of expenditure; details or particulars might be dispensed with, names might be omitted, and no index furnished pointing to particular individuals. The failure to define the object begets suspicion; and suspicion in the minds of a people who should be jealous of the purity of all who have agency in conducting public affairs, is often times equivalent to condemnation. It is urged with some force, that the bank has had to endure numberless assaults, and that in many things it has been unjustly accused; nay, further, that it had within its own bosom, in the persons who have been directors, bitter enemies, ready to assist in the work of its destruction. Let all this be conceded, and yet there would seem to exist

no necessity for secrecy. It should rather bid defiance to all such, by exerting a watchfulness over itself, and lifting the veil to all having authority to look into its proceedings. The right to defend itself, after a becoming manner, would readily be conceded to it by an enlightened community. The people of the United States should not, and, it is hoped, never will, condemn in any case without giving to the accused an opportunity of being heard; but for that defence the payment, if payment be made, should be so set forth as with sufficient certainty to designate the object, and every thing of unnecessary mystery most studiously avoided. These are the sentiments entertained by the committee, and as they have been ready to acquit the bank of improper charges, so are they as ready to censure when truth and justice require it.

The expenditures under the resolution of the 11th March, 1831, above spoken of, are as follow, viz.:

1831.	For the first half year, ending 30th June, deducting so much of the expenditure as contains a specification of object, viz.: $2,000, which is contained in statement for printing,	$5,801
	For last half year, ending 31st December, - -	5,024
	Total for the year 1831, - - -	$10,825
1832.	For first half year, ending 30th June, - - -	$2,150
	For last half year, ending 31st December, - -	6,350
	Total for the year 1832, - - -	$8,500
1833.	For first half year, ending 30th June, - - -	$2,600
	For last half year, ending 31st December, - -	1,855
	Total for the year 1833, - - -	$4,455
1834.	For the first half year, ending 30th June, - -	$2,475
	For three months, ending the 30th September, - -	900
	Total from 1st Jan., 1834, to 30th Sept., -	$3,375
	Making an aggregate of expenditure, from the 11th March, 1831, to 30th September, 1834, of - - - -	$27,155
	Under the head "current and contingent," for the first half of the year 1834, to be found one item in the following words: "Contingent expenses in regard to removal of deposites," -	$3,350

Which rests on four vouchers; for the more perfect understanding of which one has been literally copied, and is as follows, viz: "February 24, received from the Bank of the United States one thousand two hundred and fifty dollars, for contingent expenses in regard to removal of deposites.

(Signed) "N. Biddle."

In the expense account of 1832 there is also a charge of $4.040, paid on orders of the president to protect the bank against a run on the western branches.

In all other respects than those which have been noticed, the accounts of the bank are free from objection. The expense accounts at the branches present nothing worthy of remark. Expenditures made in the way of

printing, under the resolution of the 11th March, 1831, were reported to the bank at Philadelphia, were there paid for and entered upon the books. The committee examined each item of expenditure for professional services rendered to the bank, and saw nothing to call for remark. An institution whose dealings are so extensive, must often be found either as plaintiffs or defendants in the courts. Questions of great interest to it have arisen at every stage of its existence, and its expenses have been considerable; but its fees to counsel seem to have been measured by reference to the service rendered, and it cannot be accused of unnecessary extravagance in this respect.

But one other subject remains which the committee thinks it necessary to bring to the notice of the Senate. The President of the United States called upon the Government directors, Mr. Macalaster and Mr. Ingraham, for information relative to certain proceedings of the bank. On the 24th October last, Mr. Ingraham made known to the board his intention of calling on the cashier for such books and papers as he might find it necessary to examine in order to meet the requisition of the President. He stated that it was not his intention to submit to the board any formal motion, but merely to give notice of the requisition which would be made on the cashier. The correspondence which grew out of the notice will be found in the annexed document, marked N, from which it will appear that the two government directors addressed a letter to the cashier on the 25th October, requiring a view of the books, for the purpose of making extracts from them for the President of the United States. That the cashier, by letter of the same date, declined to produce the books "for that purpose," without previously submitting their letter to the board, which was accordingly done, and the board adopted a resolution approving the course of the cashier.

The notice given by the government directors to the board, and afterwards to the cashier, placed the requisition upon the footing of a requisition made by the President of the United States upon the officers of the bank for books, papers, and extracts; and whether by the charter he is invested with authority to make such demand, the Senate is best competent to decide. The subject is therefore submitted to its consideration without further comment. The subjoined statements of the profit and loss account of the bank, for various periods, has been prepared upon the requisition of the committee, and is now submitted to the Senate.

The committee have now fulfilled, as far as they were able, the highly responsible duty imposed upon them by the Senate. In the investigation which they have made, their only object has been to arrive at truth and to award justice. Their opinions upon the subject of the bank are, by the whole country, known to be variant. By some of the members of the committee the opinion has been uniformly maintained, and continues wholly unchanged, that the creation of the bank was violatory of the constitution. They would, therefore, desire to see the charter expire; others of the committee entertain different opinions, in the maintenance of which they have been equally inflexible; but that question has nothing to do with the inquiries which the committee have been called upon to make, nor have the party polics of the hour been permitted to influence them. Agitations produced by political causes are temporary; truth, on the contrary, is eternal. Its behests alone have been obeyed by the committee, and in order to enable the Senate to correct any error of fact or opinion into which the committee may have fallen, they submit to it a full compilation of documents and proofs.